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OPEN SESSION
NOTICE OF VIRTUAL BOARD MEETING
JOSEPH M. BRESS, CHAIR
THURSDAY, DECEMBER 15, 2022
1:00 P.M.

<u>WebEx Meeting</u>	<u>Telephone:</u> 650-479-3208	<u>Conference Access Code:</u> 2311 864 5268	<u>Meeting Password:</u> enU968cbUJj
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AGENDA

1:00 PM	OPEN SESSION -- CALL TO ORDER AND ROLL CALL	
1:05 PM	APPROVAL OF BOARD MEETING MINUTES -- ACTION ITEM	TAB 2
	➤ APPROVAL OF OPEN SESSION MEETING MINUTES FOR NOVEMBER 17,2022	
	CHAIR'S COMMENTS-ACTION ITEM	TAB 3
	EXECUTIVE DIRECTOR'S REPORT	TAB 4
	LEGAL DEPARTMENT REPORT	TAB 5
1:15PM	INVESTMENT COMMITTEE REPORT	TAB 6
	OPERATIONS COMMITTEE REPORT-ACTION ITEM	TAB 7
	AUDIT COMMITTEE REPORT	TAB 8
	BENEFITS COMMITTEE REPORT	TAB 9
	LEGISLATIVE COMMITTEE REPORT	TAB 10
2:30 PM	OTHER BUSINESS- EXECUTIVE SESSION	TAB 11
	➤ MOTION: TO ENTER CLOSED SESSION TO DISCUSS PERSONNEL MATTERS PURSUANT TO D.C. CODE § 1-909.05(E); SEE ALSO D.C. CODE § 2-575(B) (10)).	
3:00 PM	ADJOURNMENT	TAB 12

"This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov."



**DISTRICT OF COLUMBIA RETIREMENT BOARD (DCRB)
DRAFT* OPEN BOARD MEETING MINUTES
THURSDAY, November 17, 2022
1:00 P.M. via WebEx**

***These draft minutes must be approved by the Board at its next Open Board meeting.
Full meeting minutes will be posted after the next Open Board meeting.**

MEMBERS PRESENT

Joseph M. Bress, Chair
Lyle M. Blanchard (joined at 1:48 pm)
Joseph W. Clark
Mary A. Collins
Christopher Finelli
Geoffrey P. Grambo
Danny C. Gregg
Nathan A. Saunders
Greggory Pemberton
Adam Weers
Carmen Pigler, ex officio

MEMBERS NOT PRESENT

Tracy S. Harris

DCRB STAFF PRESENT

Gianpiero "JP" Balestrieri, Executive Director
Betty Ann Kane
Ram Murthy
Munetsi Musara
Patrick Sahn
Daniel Hernandez
Vernon Valentine
Jaininne Edwards
Leslie King
Lori Morgan
Johniece Harris, Board Liaison

OTHERS PRESENT

Lindsay Saienni, Financial News
Jordan Kaplan, Private Citizen
Baylor Kaplan, Mandate Wire

ROLL CALL

Chair Joseph Bress called the meeting to order at 1:17 p.m. and Ms. Johniece Harris called the roll.

APPROVAL OF MINUTES

Chair Joseph Bress introduced a motion to approve the open session Board meeting minutes.

Motion #1: To approve the October 20, 2022, open session Board meeting minutes.

The motion was moved by Trustee Gregg and properly seconded by Trustee Weers.
The motion was approved (8-0) with 1 abstention. *(See Tally #1)*

Tally #1			Date: November 17, 2022		
<u>Motion #1:</u> To approve the October 20, 2022, open session Board meeting minutes.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.					√
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.			√		
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam	√				

CHAIR REPORT

Chair Bress referred trustees to his written report and commented on the following topics:

- **In-Person Board Attendance:** The Board will continue to meet virtually until we reassess in person meetings. Those trustees who wish to attend Board meetings in person, please notify staff.
- **Market Updates:**
 - Each month economic news is volatile and probably will continue to be for a while. The Fed raised the interest rate earlier this month, while indicating there may be a cooling in new increases. The inflation rate at the end of October fell to 7.7%. Target indicates its consumer department stores may be offering attractive sales for Christmas, and twitter may be teetering.
 - The Ukraine war will most likely continue to affect the energy market and last week's potential change in the House leadership may raise their perceived issues with ESG. As always over the last two years, we continue to maintain our course and have protected the Fund throughout these ups and downs.
 - Tech companies (as well as other industries have begun large layoffs). These actions and potential slowdown in consumer buying may lead to a recession, hopefully small as some experts have predicted. With all this activity, I wish everyone on the Board and staff a Happy Thanksgiving and be thankful for family and all we have at this time.
- **Next Board Meeting:** The next meeting will be held on December 15, 2022.

- **Board Motions:** As a reminder, when voting on Board motions and resolutions, individual voice votes are required.
- **Member Complaints:** Trustees who receive any complaints or concerns from Retirement Plan members should forward those complaints to the Executive Director and the appropriate DCRB department head.

Trustees moved to next item on the agenda.

EXECUTIVE DIRECTOR REPORT

Executive Director, Gianpiero “JP” Balestrieri, gave an update on the following topics:

1. Staffing Update

- a. **New Hires Since Last Board Meeting**
 - Benefits
 - Legal
 - Communications
- b. **Current Vacancies to Fill**

2. Investment Fees and Expenses Verification Services Update

DCRB has contacted and introduced Colmore to investment managers and obtained third-party general partner reporting portal access. To date, Colmore has collected information from both existing and liquidated investment managers, including:

- a) Financial statements and historical cash flows
- b) Limited partnership agreements, side letters and amendments for review by Colmore’s legal team
- c) Staff and investment manager follow-up meetings are being conducted on a weekly basis with Colmore to respond to follow-up questions
- d) 73 out of 76 investment managers have been responsive in the process to date

3. Transaction Cost Analysis/Transition Management Consulting RFP

The investments and procurement departments are working together to issue an RFP for a consultant to help DCRB monitor the transaction and transition costs of public markets investment managers. The need for this service has been necessary for several years, but the Board has never issued an award for such services. The plan is to finally complete this procurement [in the spring of 2023.]

- **The consultant would provide three primary services to the Board:**
 - Benchmark the Board’s public market investment managers’ trading costs (equities, fixed income, foreign exchange) to ensure they are in line with the market
 - Assist the investment team in the evaluation of prospective investment managers’ trading costs to identify potential issues before hiring
 - Assist the team in developing investment manager transition strategies as well as measuring and evaluating transition costs

4. Funston

Funston is completing a final report and presentation to trustees. We have confirmed the presentation by Funston is scheduled for November 29th, 2022, in a special session of the Board of Trustees.

5. Private Markets Investment Commitments Closed

- Paine Schwartz Food Chain Fund VI (Natural Resources) (\$100MM on 10/20/22)
- Silver Rock Tactical Allocation Fund – Vintage 2022 (Private Credit) (\$100MM on 11/1/22)
- BlackRock Global Infrastructure Fund IV (Infrastructure) (\$150MM on 11/11/22)

6. Outreach to Mayor's Office and Agencies

As mentioned in the October 2022 Board meeting, we would be reaching out to the Mayor's office and the employer agencies to collaborate on resolving the accuracy and timely delivery of efficient data from the employer agencies. This is an absolute requirement prior to DCRB expending significant amounts of capital on a viable integrated Benefits Administration Pension System (BAPS). In late October, we commenced engagement with the mayor's office and her team to task and address "data quality and the holistic active to retirement process" as an important time sensitive issue with the responsible agencies including (DCHR, DCPS, OPRS, OCTO, MPD and FEMS).

Trustees moved to next item on the agenda.

LEGAL DEPARTMENT REPORT

Leslie King, Senior Counsel, there was no written report this month.

Trustees moved to next item on the agenda.

INVESTMENT COMMITTEE REPORT

Committee Chair Weers reported that the Investment Committee did meet today and proposed the motion presented below for Board approval

Motion #2: To approve a re-commitment of up to \$75 million to Fund E*, pending legal review and final due diligence. **The Fund name is redacted per D.C. Code § 1-909.05(e) pending completion of the transaction.*

The motion was moved by Committee Chair Weers and properly seconded by Trustee Gregg. The motion was approved (10-0). (See Tally #2)

Tally #2			Date: November 17, 2022		
Motion #2: To approve a re-commitment of up to \$75 million to Fund E*, pending legal review and final due diligence. <i>*The Fund name is redacted per D.C. Code § 1-909.05(e) pending completion of the transaction.</i>					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam	√				

Motion #3: To approve a commitment of up to \$75 million to Fund F*, pending legal review and final due diligence. **The Fund name is redacted per D.C. Code § 1-909.05(e) pending completion of the transaction.*

The motion was moved by Committee Chair Weers and properly seconded by Trustee Gregg.
The motion was approved (10-0). (See Tally #3)

Tally #3		Date: November 17, 2022			
Motion #3: To approve a commitment of up to \$75 million to Fund F*, pending legal review and final due diligence. <i>*The Fund name is redacted per D.C. Code § 1-909.05(e) pending completion of the transaction.</i>					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.					
Gregg, Danny C.	√				
Harris, Tracy S.	√				√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam	√				

Motion #4: To approve a search for a **passive U.S. Large Cap Equity Investment Manager**.

The motion was moved by Committee Chair Weers and properly seconded by Trustee Bress.
The motion was approved (10-0). (See Tally #4)

Tally #4			Date: November 17, 2022		
Motion #4: To approve a search for a passive U.S. Large Cap Equity Investment Manager.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam	√				

OPERATIONS COMMITTEE REPORT

Operations Committee Chair Saunders reported that the Operations Committee met November 14th and the meeting agenda included two, main topics of discussion, including a proposed action item.

The committee first heard a presentation on the agency's proposed FY24 operating budget. The presentation was delivered by Mr. Munetsi Musara, DCRB's Chief Finance Officer, and Ms. Lori Morgan, Director of Finance. A copy of that presentation is included in your Board package.

- The budget presentation included an overview of proposed budget allocations by DCRB programs and departments, as well as by FTE headcount. The presentation also included a detailed comparison of budget and FTE allocations and expenditures, for FY22, FY23, and FY24—as well as other information, including costs of personal and non-personal services; projected new positions; and a detailed comparison of FY22-FY24 budget line items.
- The Operations Committee asked questions throughout the presentation to ensure understanding of the information being provided. The Committee also made several suggestions for improving presentation content (such as adding reference notations in certain places).

- Following the presentation and associated discussion, the following motion was made, voted on, and approved by the Operations Committee for recommendation to the full board:

TO APPROVE THE PROPOSED FY24 OPERATING BUDGET OF \$39,690,511 AND 94 FTES.

The Board decided to defer the motion pending further discussion.

The committee next heard a presentation on proposed changes to DCRB's Supplemental 401(a) retirement plan. This presentation was delivered by Ms. Leslie King, DCRB's Senior Legal Counsel, and a copy of that presentation also is included in your Board package.

- The DCRB Supplemental retirement plan presentation included a review of the legal background and context around the agency's plan, which was introduced in 2010. Ms. King provided an overview of current contribution features and reviewed the recommended changes to the plan document to reflect the current contribution practices.
- The Operations Committee asked questions throughout the presentation to ensure understanding of the recommended motions. The Committee also requested a side-by-side comparison of the agency's plan with the District's 401(a) and 457(b) retirement plans; information on the number of DCRB employees covered under DCRB's Supplemental retirement plan; and revised motions to present to the Board.
- The Committee indicated that it was in favor of recommending to the Board at its November 17, 2022 meeting that the DCRB Supplemental retirement plan document be amended to reflect contribution changes, pending receipt of additional information and revised motions.

Motion #5: Amend the DCRB Supplemental 401(a) Defined Contribution Retirement Plan (DCRB 401(a) Plan) document to (i) retain the variable employer matching contribution; (ii) change the employer contribution for the Executive Director to discretionary; and (iii) remove voluntary employee contributions.

The motion was moved by Committee Chair Saunders and properly seconded by Trustee Weers. The motion was approved (9-1). (See Tally #5)

Tally #5			Date: November 17, 2022		
Motion #5: Amend the DCRB Supplemental 401(a) Defined Contribution Retirement Plan (DCRB 401(a) Plan) document to (i) retain the variable employer matching contribution; (ii) change the employer contribution for the Executive Director to discretionary; and (iii) remove voluntary employee contributions.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent

Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.		√			
Finelli, Christopher	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam	√				

The trustees decided to vote on the FY24 Proposed Budget at a Special Board meeting later this month.

The next Operations Committee Meeting will be determined at a later date.

Trustees moved to next item on the agenda.

AUDIT COMMITTEE REPORT

Board Chair Bress reported that the Audit Committee did not meet this month and there is no written report:

Trustees moved to next item on the agenda

BENEFITS COMMITTEE REPORT

Committee Chair Collins reported that the Benefits Committee did meet this month and presented the following item:

- **Healthcare Open Enrollment** - Healthcare Open Enrollment is underway (November 14 to December 12, 2022). Open Enrollment materials were mailed to current retiree health plan enrollees the first week of November. In addition, we are leveraging the DCRB website to provide participants with additional information about open enrollment. Materials are now available at <https://dcrb.dc.gov>. The following is a list of open enrollments posted communications materials that will help to increase the participants' awareness as well as address the routine questions associated with the open enrollment process:
 - PDF fillable health benefits enrollment forms are available online.
 - Pre-printed enrollment forms that include the open enrollment event codes, effective dates, and payroll office information.
 - Pre-recorded video instructions on the open enrolment process.
 - Hyperlinks to the DC Government and Office of Personnel Management websites; and

- A frequently asked questions section for both the DC and Federal health plans.
- **Member Services** – DCRB will have in-person Open Enrollment appointments this year to assist members with election changes. There will be additional Member Services staff (3 contractors) along with a dedicated Lobby Services Member Representative to provide guidance regarding health carrier plans. The team will be available during the entire period of Open Enrollment from 8:30am – 5:00pm, Monday through Friday.

To make an appointment for Open Enrollment assistance, members must contact the Member Services Center for same day and future appointments. Note: Appointments are made to ensure the safety of the members and staff.

- **Purchase of Service Calculator** – We are in the final stages of beta testing an online calculator for purchase of service for Police & Fire retirement tier changes.
- **Actuarial Valuation** - Bolton Inc., will be presenting the final valuation results at the December 2022 Operations and Board meetings. All data are now in their possession to finalize the valuation.
- **Member Outreach** - DCRB has continued its information sharing partnership with DC FEMS Human Resources. On Friday, October 28, 2022, DCRB staff presented a virtual retirement plan overview and other benefit information to new FEMS employees who were physically located at the Fire/EMS Training Academy.
- **DCPS Training and Support** - DCRB has continued its information sharing partnership with DCPS. On Tuesday, November 1, 2022, members of the DCRB quality team and senior staff facilitated an hour-long training session that covered legacy system tools (UPPS and CAPPS), calculating leave without pay dates, and processing corrections to the retirement plans.
- **Purchase of Service Calculator** – In collaboration with Bolton, DCRB’s actuary, we have finalized the testing of the internal Excel calculator, and the Quality Unit is currently using the new tool to process all new tier change requests submitted to DCRB. As part of the next steps, our IT department is coding the calculator online by using Java, so we can place it on our website. The first round of online testing resulted in the need to edit the Java script to exactly match the expected output. The expectation is to finalize the coding testing so that we can pilot test with fire and police employees within the next two months, before an official release in early 2023. Additional enhancements will then begin for all other purchase of service calculations.
- **Community of Interest** – The Benefits Department is working on scheduling community of interest meetings with District stakeholders for calendar year 2023 to tackle District retirement issues. Topics at these meetings will cover improving the overall transition to retirement process, offboarding, data certification, and employee communications.

- **Fall Newsletter** – The fall newsletter, containing articles about year-end tax information, open enrollment, and a new article called the Executive Director’s Corner, has been drafted and is in final review.

Mr. Hernandez, Pension Administrator gave a brief overview of the current activities happening in the Benefits department.

Trustees moved to next item on the agenda.

LEGISLATIVE COMMITTEE REPORT

Committee Chair Blanchard reported that the Legislative Committee did not meet this month and reported on the following item:

COUNCIL OF THE DISTRICT OF COLUMBIA

LEGISLATION

PR24-1036, “Compensation and Working Conditions Agreement between the District of Columbia Government and the Fraternal Order of Police/Metropolitan Police Department Labor Committee (Compensation Unit 3) Approval Resolution of 2022”

Status: Previously introduced as PR24-1020, this new proposed resolution was introduced October 28, 2022 by Chairman Mendelson and referred to the Committee on Labor and Workforce Development on November 1, 2022. A public roundtable is scheduled on Monday, November 21, 2022 at 12:30 via Zoom. The proposed resolution will be deemed approved on November 27, 2022, unless a resolution of approval or disapproval is introduced prior to that date.

The agreement would be retroactive to October 1, 2020 and effective through September 20, 2023. The agreement would provide covered MPD union members with wage increases of 2.5% for fiscal year (FY) 2021, 3.5% for FY22, and 4% for FY23. The agreement would also provide covered MPD union members who were or are in active service on or after the effective date of the agreement who completed or completes five years of service, a base retention differential (BRD) of 5% based on their rate of pay in addition to the current 5% BRD after 20 years of service. These increases will impact current and future retirement annuity amounts. Bolton’s actuarial valuation is required to be updated to include these agreement terms in determining the impact on the District’s annual employer contributions. The agreement also allows for the establishment of an exploratory committee to evaluate the feasibility of a cost neutral Deferred Retirement Option Program (DROP) for covered MPD union members.

PR 24-991, “Compensation and Working Conditions Agreement between the District of Columbia Public Schools and the Council of School Officers, Local #4, American Federation of School Administrators, AFL-CIO Approval Resolution of 2022”.

Status: A public roundtable was held by the Committee on Labor and Workforce Development on November 3, 2022, to consider the collective bargaining agreement between the District and

public-school administrators from October 1, 2020, until September 30, 2023. The CBA will be deemed approved on November 11, 2022.

Trustees moved to the next item on the agenda.

Chair Bress made the following motion to close the public session of the meeting at 3:03 p.m.

Motion #6: To enter closed session to discuss personnel matters pursuant to D.C. Code §§ 1-909.05(e) and 2-575(b)(10).

The motion was moved by Chair Bress properly seconded by Trustee Weers.
The motion was approved (10-0). (See Tally #6)

Tally #6			Date: November 17, 2022		
Motion #6: To enter closed session to discuss personnel matters pursuant to D.C. Code §§ 1-909.05(e) and 2-575(b)(10).					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam	√				

Closed Session: From 3:03p.m. to 4:32 p.m.

Motion #7: To return to open session at 4:32 p.m.

The motion was moved by Trustee Pemberton and properly seconded by Trustee Gregg.

The motion was approved (9-0). (See Tally #7)

Tally #7			Date: November 17, 2022		
<u>Motion #7</u> To return to open session at 4:32 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam					√

There being no further business to come before the Board of Trustees, Chair Bress introduced a motion to adjourn the meeting.

Motion #8: To adjourn the meeting at 4:37 p.m.

The motion was moved by Chair Bress and properly seconded by Trustee Gregg.
The motion was approved by (9-0). (See Tally #8)

Tally #8			Date: November 17, 2022		
<u>Motion #8</u> To adjourn the meeting at 4:37 p.m.					
Members	Aye	Nay/ Oppose	No Vote/ Abstain	No Vote/ Recuse	Absent
Bress, Joseph M., Chair	√				
Blanchard, Lyle M.	√				
Clark, Joseph W.	√				
Collins, Mary A.	√				
Finelli, Christopher	√				
Grambo, Geoffrey P.	√				
Gregg, Danny C.	√				
Harris, Tracy S.					√
Pemberton, Gregory J.	√				
Saunders, Nathan A.	√				
Weers, Adam					√

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Chair's Report December 15, 2022

TOPIC	UPDATE
In Person Board Attendance	We will continue to meet virtually until we reassess whether we should meet in person. Those who want to meet in the Board room are welcome to do so. Please let staff know.
Updates on Investments	<p>The Retirement Fund continues to perform well even in this volatile time. The economic forecast is still not clear. The inflation rate which was 9.1% in June fell to 7.7% in November and is now 7.1%. The Fed this week increased the rate by 0.5 basis points after four 0.75 basis point raises. The markets read that as an indicator that the inflation rate is not falling as fast as the Fed believes necessary. On the other hand, the markets are cautiously seeing a soft recession even though others still are in doubt about that. As the holiday season continues, retail prices have moderated as have other sectors of the economy, such as gas and utility costs.</p> <p>If we exclude energy and food (a big exclusion), inflation is about 6%. While this may be good news as we go forward, we must continue to carefully follow our asset allocation plan and invest to continue our fund strength and assure our combined 100% actuarially full funding. In that regard, we have committed to continue our investment policy to include ESG. Some states' Attorneys General are considering lawsuits against private equity on the theory that, including ESG in their investment policies, is violative of their fiduciary responsibility. It is unfortunate that investment choices and policy considerations such as these are generating litigation from those who believe their choice are better. We should continue our careful review of investments, including ESG as a consideration, and exercise our fiduciary responsibility wisely.</p>
Trustee Elections	The Board will certify the winner of the Active Police Officer Elections who will be the Active Police representative on the Board of Trustees. The four-year term will begin January 28, 2023 and end January 27, 2027.

<p>Other</p>	<p>For your information</p> <ul style="list-style-type: none"> ➤ <u>Next Board Meeting:</u> The next meeting will be held on January 19, 2023. ➤ <u>Boardroom Telephone Numbers:</u> For virtual meetings: JP Balestrieri, Executive Director, DCRB at 202-343-3228 Johniece Harris, Board Liaison, DCRB at 202-343-3228 ➤ <u>Quorum:</u> To assure maximum participation at meetings, DCRB's Office Management Staff will contact Trustees prior to each meeting.
	<p>As a reminder:</p> <ul style="list-style-type: none"> ➤ <u>Electronic Participation:</u> WebEx information is sent to all Trustees prior to all Board and Committee meetings. If you do not receive this information prior to the scheduled meeting, please contact Johniece Harris by email at Johniece.harris@dc.gov ➤ <u>Member Complaints:</u> Trustees who receive questions or complaints from members on issues administered by DCRB should contact the Executive Director and the Department Chief, who is responsible for issue resolution. ➤ <u>Remote Participation Voice Vote:</u> Since it is difficult to hear the votes of those participating remotely, I will specifically ask for a voice vote from Trustees attending a remote meeting. ➤ <u>Use of DCRB-Provided Laptops</u> DCRB issued laptops provide access to your official government email account and the Board portal, Diligent. The laptop must only be used for official government purposes. Please do not use it for personal reasons, such as pictures, media, and apps.



December 14, 2022

Gianpiero Balestrieri
Executive Director
District of Columbia Retirement Board
900 7th Street, NW, 2nd Floor
Washington, DC 20001

Dear Mr. Balestrieri:

On September 9, 2022, YesElections mailed a Notice of Election and Request for Nominations to all active police officers who are sworn members or officers of the District of Columbia Metropolitan Police Department (MPD). The purpose of that Notice was to solicit candidates for the District of Columbia Retirement Board's (the Board or DCRB) active police officer trustee seat, for a four-year term beginning January 28, 2023 and ending January 27, 2027. YesElections received a response from only one qualified candidate.

Under the Board's Trustee Election Rules, if only one qualified voter submits a valid statement of candidacy, the Board "shall proceed with the certification of election result . . . as if the candidate had received the highest number of votes." [1514.11] Essentially, since that one qualified candidate will be the only candidate to vote for, there would be no need to distribute ballots and that candidate would be presented to the Board for certification.

The qualified candidate who will be the Active Police Officer Trustee is Gregory Pemberton.

Thank you. It has been a pleasure working with you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Chris Backert".

Chris Backert
CEO
Election-America, Inc.

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DISTRICT OF COLUMBIA RETIREMENT BOARD ELECTION MOTION

MOTION

To certify Gregory Pemberton as the winner of the 2022
Active Police Officers uncontested election

PRESENTED TO THE BOARD ON DECEMBER 15, 2022.

Board Meeting-WEBEX ONLY Copy - Chair's Comments

DISTRICT OF COLUMBIA RETIREMENT BOARD Trustee Conference Listing As of December 15, 2022					
Sponsor	Name of Conference	Date	Location	Cost	Description
National Conference on Public Employee Retirement Systems (NCPERS)	2023 Legislative Conference	January 24-24, 2023	Renaissance Washington, DC Hotel Washington, DC	Registration thru 01/05/22 \$515 After \$615	Day One of the conference offers a fast-paced program to brief you on the pressing issues for the upcoming year. You'll hear from lawmakers, their key staff, the Administration, and regulators about their plans for the months ahead. Members of the powerful House Ways & Means Committee, Senate Finance Committee, and speaker from the Treasury Department will be on the agenda. This is your total immersion in the issues, and it will give you the information and the motivation to speak effectively on behalf of public pensions. Day Two is Policy Day, where you can attend meetings on Capitol Hill and with federal agencies aimed at impacting public policy discussions that affect our members and our communities. We strongly encourage you to make your appointments with your elected leaders in advance of the conference as many Congressional offices do not take drop-in visitors. Many conference attendees schedule meetings with their own congressional delegations to build new relationships or strengthen existing ones.
Council of Institutional Investors (CII)	CII Spring 2023 Conference	March 6-8, 2023	Mandarin Oriental Hotel Washington, DC	Registration details forthcoming	CII hosts two exclusive conferences each year, welcoming more than 500+ member attendees and special guests. Our conferences offer unprecedented opportunities to interact, share best practices and learn from representatives from major institutional investors, regulators, legislators and other corporate governance professionals. These events bring together CII members from across the globe.
International Foundation of Employee Benefit Plans (IFEBP)	Trustees Institute Level II: Concepts in Practice	February 11-12, 2023	Disney's Yacht Club Orlando, FL	Registration thru 01/04/2023 \$1,650.00 After \$1,980.00	Strengthen your knowledge on required responsibilities as a multiemployer trustee by attending the New Trustees Institute—Level II: Concepts in Practice. Held immediately prior to the Trustees and Administrators Institutes, this conference will take the concepts and education provided in New Trustees—Level I: Core Concepts and go into more depth and applicability, expanding on need-to-know topics. Discover best practices, identify solutions and find answers to your questions by attending this exciting new program.
	New Trustees Institute Level I: Core Concepts	February 13-15, 2023	Disney's Yacht Club Orlando, FL	Registration thru 01/04/2023 \$1,650.00 After \$1,980.00	Challenges continue to get more complex for pension and health and welfare plans. Education is critical to make necessary decisions and fulfill your fiduciary duty. For trustees, that education starts with the New Trustees Institute—Level I: Core Concepts. This program is the bedrock of trustee education. It is time-tested, developed by trustees for trustees. As the first step in the trustee education path, The New Trustees Institute is designed for Taft-Hartley multiemployer plan trustees needing an understanding of their fiduciary responsibilities, best practices in fund management, legal requirements and other need-to-know information pertinent to serving as a trustee. This foundational curriculum will provide you with an understanding of your role, your responsibility as a fiduciary and an overview of the technical aspects of serving as a trustee on a health, retirement or other ERISA plan. Learn best practices, legal requirements and the current issues that the benefits industry faces.
	Advanced Trustees & Administrators Institute	February 13-15, 2023	Disney's Yacht Club Orlando, FL	Registration thru 01/04/2023 \$1,650.00 After \$1,980.00	For nearly five decades, this program has served as the cornerstone of education for multiemployer trustees and administrators. Sessions are designed to meet the needs of both trustees and administrators, whether they are fairly new to serving on a fund or have decades of experience. Attended by hundreds, this conference is large enough to offer choices of sessions yet small enough that you won't get lost in the crowd. Developed by active trustees, administrators and professional advisors, each session is designed to address current issues, providing the relevant context and information for you to make sound decisions for your fund. Keep informed of the latest industry trends, legal and regulatory changes, and best practices. Take away new ideas and a deeper understanding of how to run your pension and health and welfare funds.
	Investments Institute	April 24-25, 2022	Loews New Orleans Hotel New Orleans, LA	Registration thru 03/13/2023 \$1,650.00 After \$1,980.00	Concerned about reaching your investment's full return? The Investments Institute addresses opportunities in global market trends, identifies alternative investment options and uncovers key questions that will help enhance your fund's investments. Offering intermediate- to advanced-level education, the Investments Institute will arm you with the knowledge needed to make important decisions regarding financial longevity.

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EXECUTIVE DIRECTOR'S REPORT

December 15, 2022

1. Staffing Update

a. New Hires Since Last Board Meeting

- Internal Audit
- Legal
- Communications

b. Current Vacancies to Fill

2. Fiscal Year 2023 Fund Performance and Investments Update

- a. Total Market Value (as of 12/15/22) is at \$10.4 billion
- b. Funded Status as of 10/1/22: 109.9%
- c. Diverse Manager Exposure: \$1 billion
- d. Emerging Manager Exposure: \$0.7 billion
- e. Private Markets Commitment Budget for 2023: Meketa has developed a private markets commitment budget with the Investments team for 2023. This will be presented for the Trustees' review and approval at the next IC meeting in January 2023.
- f. Investments Educational Workshop

3. Summer Internship Program: We are planning a summer internship program for two undergraduate students from local colleges/universities commencing with Investments Department.

4. Transaction Cost Analysis/Transition Management Consulting RFP

DCRB has issued and posted an RFP for a consultant to help DCRB monitor the transaction and transition costs of public markets investment managers. The consultant will support the Board in three key areas:

- a. Benchmark the Board's public market investment managers' trading costs (equities, fixed income, FX) to ensure they are in line with market
- b. Assist the Team in the evaluation of prospective investment managers' trading costs to identify potential issues before hiring
- c. Assist the Team in developing investment manager transition strategies as well as measuring and evaluating transition costs

DISTRICT OF COLUMBIA RETIREMENT BOARD Training & Travel Report (For the Period of November 17, 2022 thru December 15, 2022)					
Name	Description	Sponsor/Vendor	Location	Dates	
				From	To
Trustees					
No Trustee Travel					
Staff					
Jamia Canlas	Meeting	One Rock Due Diligence	New York, NY	12/14/22	12/14/22
Patrick Sahm	Meeting	"	New York, NY	12/14/22	12/14/22

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TO: BOARD OF TRUSTEES

FROM: LEGAL DEPARTMENT

DATE: DECEMBER 15, 2022

SUBJECT: LEGAL DEPARTMENT REPORT

Board Governance

As a reminder, DCRB trustees are subject to Conflicts of Interest and Ethics rules. It is unethical to accept gifts from vendors who do business with or solicit business from the Board. Please refer to the attached Holiday Ethics guidance from the District's Board of Ethics and Government Accountability (BEGA).

Fiduciary – DOL ESG Rule

The U.S. Department of Labor (DOL) issued a final rule on November 22, 2022 (87 Fed. Reg. 73822; 29 CFR § 2550.404a-1), "*Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*," clarifying that a fiduciary may consider environmental, social, and governance (ESG) factors in making investment decisions as long as the ESG factors considered are evaluated as risk-return factors in a prudent investment decision-making process while making it clear that fiduciaries cannot sacrifice investment return or take on additional investment risk to promote benefits unrelated to the interests of participants and beneficiaries. In short, a fiduciary cannot take ESG factors into account solely for its own interests. See the Morgan Lewis Law flash in Diligent and attached summary.

Benefits Litigation Update

Annetta H. Nicholas v. US Treasury and DCRB (1:20-cv-02088-JEB)

The U.S. Court of Appeals for the D.C. Circuit cancelled the oral argument scheduled for December 2, 2022 on the appellant's appeal of the lower court's dismissal of her claim against DCRB and US Treasury for a voluntary retirement benefit. The Court stated that oral argument will not assist the court in its ruling and will issue a decision based on the record and appeal briefs.

Gerry O. Scott v. DCRB (2021 CA 004206B)

Mr. Scott, a retired police officer, sued DCRB in D.C. Superior Court for not including his longevity pay in his retirement annuity calculation and for attorney fees. DCRB filed a Motion for Summary Judgement on November 1, 2022. The next status hearing is scheduled for December 9, 2022.

BOARD OF ETHICS AND GOVERNMENT ACCOUNTABILITY
Office of Government Ethics



Darrin P. Sobin
Director of Government Ethics

Holiday Gift-Giving and Gift-Receiving; Holiday Parties; Holiday Decor:
A Guide for Executive Branch District Employees¹

November 2014

The holiday season is upon us, and this is the season of giving and receiving gifts. This season can cause challenges for District of Columbia employees who are subject to the District's strict gift regulations. Please be mindful of them during this holiday season.

If you have any questions about these or other government ethics matters, contact **the Board of Ethics and Government Accountability at 202-481-3411** or bega@dc.gov, or your agency's **Ethics Counselor**. You also may visit the BEGA website at www.bega-dc.gov where you can view the District Ethics Manual, which has been updated to reflect recent changes to Chapter 18 of the District Personnel Manual.

Restrictions on gifts between District employees and from prohibited sources

As a general rule, a District employee may not solicit or accept a *gift* from:

- a subordinate employee, or
- a "*prohibited source*"

In addition, a District employee may not solicit or accept a gift that is given to influence or reward government action.

What is a *gift*? A "*gift*" is anything of value **except**:

- Modest items of food and refreshments, offered other than as part of a meal;
- Food and beverages of nominal value consumed at hosted receptions where attendance is related to the employee's official duties;
- Admission to and the cost of food and beverages consumed at events sponsored by or in conjunction with a civic, charitable, governmental, or community organization, when the admission, food, and beverages are of nominal value;
- Unsolicited advertising or promotional items of nominal value;

¹ This includes all subordinate and independent agency employees. Council members and their staff are subject to a different set of rules under the Council's Code of Conduct. A separate memorandum provides more specific advice for those employees.

- Greeting cards and items with little intrinsic value, which are intended solely for presentation;
- Anything generally available to members of the public; or
- Anything paid for by the District or secured by the District under a contract.

Restrictions on gifts between employees

In general, an employee cannot:

- accept a gift from another District employee who is a subordinate;
- coerce a subordinate to make or contribute to a gift;
- give a gift or make a donation toward a gift for an official superior; or
- ask another employee to make a donation toward a gift for an official superior.

New Exception: On an occasional basis, including any occasion on which gifts ***traditionally*** are given or exchanged (***i.e., holidays***), an official superior may accept a gift from a subordinate if the gift is:

- ◆ An item other than cash, with an aggregate market value of \$10 or less per occasion;
- ◆ An item such as food and refreshments to be shared in the office among employees; or
- ◆ An item given for personal hospitality if of a type and value customarily given on such occasions.

Restrictions on gifts from Prohibited Sources

Who is a prohibited source?

A “*prohibited source*” is any person or entity who does or is seeking to do business with the **employee’s agency**; conducts activities that are regulated by the **employee’s agency**; has an interest that may be substantially affected by the performance or non-performance of an employee’s official duties; or is an organization in which the majority of its members are described in the items listed above.

Exceptions to the prohibited source rule

Does the gift restriction mean an employee can’t accept a gift at all? No. If the gift fits one of the following exceptions, the employee can accept it:

- the gift is from a person with whom the employee has a “bona fide personal relationship” (like a parent, grandparent, childhood friend, etc.);
- the gift is unsolicited and worth \$10 or less per occasion (totaling no more than \$20 per year), as long as it would not appear to a reasonable person to be intended to influence the employee in his or her official duties; or
- the gift is unsolicited and constitutes free attendance at a widely attended gathering of mutual interest to a number of parties, from an event sponsor, if the employee’s

attendance is in the interests of the agency (the Mayor or designee must make a written determination).

What to do if an employee receives a gift from a prohibited source

If a prohibited source gives an employee a gift that doesn't fit into an exception, the employee has three options. First, the employee can return it. Second, the employee can pay the donor the value of the gift. Finally, if the gift is perishable and it is impractical to return it, the employee can share it with the office staff, donate it to charity, or destroy it. **Important Note: sharing the gift or donating it to charity are one-time only options with respect to any gift-giver and the gift-giver must be warned about the impropriety of giving future gifts.**

Restrictions on gifts given to influence or reward government action

An employee cannot solicit or accept a gift in return for being influenced in government work (also known as a bribe), or to reward an employee for government action (also known as a gratuity). An employee also cannot accept any gifts or payments from a non-District source for work as a District employee (also known as "salary supplementation"). It should be noted that **NONE OF THE GIFT-GIVING EXCEPTIONS DISCUSSED ABOVE APPLY IN SUCH CIRCUMSTANCES. THIS PROHIBITION IS ALSO A FEDERAL CRIMINAL LAW THAT APPLIES TO DISTRICT EMPLOYEES. Bottom Line: District government employees cannot accept tips!**

Holiday parties

Holiday-themed office parties should be held during non-working hours or lunch breaks. The government pays for our time to perform work on its behalf, and we need to devote that time to the government's work, not to a party.

Office parties should avoid the use of government resources, and managers must not require that employees pay for a party or that they attend it. Just as even a nominal gift to a superior on certain special occasions must be entirely voluntary (as set forth above), attendance at a party must similarly be voluntary. Office holiday parties should avoid the express observances of any particular religion.

In general, employees should avoid parties hosted by vendors and other "prohibited sources" because such attendance would be a "gift." On the other hand, if the event falls within one of the aforementioned exceptions to the gift rule, then attendance might be permissible. For instance, attendance at a party where only modest items of food and beverages are served would be permissible. But, a party that included a full meal likely would not be permissible. Employees should check with their supervisors or their agency ethics counselor if uncertain. **The best practice would be to avoid ANY party hosted by a vendor or contractor because of the risk, or even the appearance, that the vendor or contractor is seeking special treatment from the employee or his or her agency.**

Holiday Decor

The holidays are a special time, but employees, their co-workers, and visitors have a right to be safe and comfortable on government property at all times. Although not an ethics issue, employees should be mindful that there are federal and local laws regarding religious displays in and around government buildings. Questions about what may be displayed in common areas and in individual work spaces should be addressed to the Office of Human Rights at 202-727-4559. Safety and other display-related questions should be addressed to building management or to the Department of General Services at 202-727-2800.

Employees at all times are expected to exercise good judgment and office professionalism when celebrating on government premises during this holiday season.

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LEGAL SUMMARY OF DOL FINAL ESG RULE

The U.S. Department of Labor (DOL¹) issued a Final Rule on November 22, 2022 (87 Fed. Reg. 73822; 29 CFR § 2550.404a-1), “*Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*,” informally referred to as the “ESG Rule.” The Final Rule is consistent with prior DOL positions on ESG considerations, but clarifies that fiduciaries *may* take into account environmental, social, and governance (ESG) factors in making fiduciary investment decisions without a presumption that such consideration is a violation of fiduciary duties.

Background

Fiduciaries are required to act prudently, solely in the interest of plan participants and beneficiaries, and for the exclusive purpose of paying benefits and reasonable administrative expenses. Over the years, DOL has issued guidance on fiduciary duties in consideration of various types of investments but has been consistent in its position that a fiduciary cannot inappropriately sacrifice returns or take on additional risk when making investment decisions for participants and beneficiaries and that the economic risks and returns of an investment must be the *primary* consideration.

The Trump Administration issued a rule in 2020 (2020 Rule) that had a “chilling” effect on a fiduciary’s ability to consider ESG factors. The 2020 Rule provided that a fiduciary must focus *solely* on pecuniary factors (e.g., financial returns and interests of plan participants and beneficiaries) in its investment decision-making process, thereby having a chilling effect on being able to consider ESG factors.

The Final Rule is less stringent than the 2020 Rule in that it recognizes that the consideration of ESG factors *may* be taken into account in an investment decision-making process that is in accordance with fiduciary duties of prudence and loyalty. The Final Rule allows fiduciaries to take ESG into account as long as the ESG factors considered are evaluated as risk-return factors in a prudent process. The Final Rule, though, makes clear that fiduciaries cannot sacrifice investment return or take on additional investment risk to promote benefits unrelated to the interests of participants and beneficiaries. In short, a fiduciary cannot take ESG into account solely for its own interest.

Duty of Prudence Principles

The Final Rule outlines 3 principles related to a duty of prudence:

1. A fiduciary investment decision must be based on factors that a fiduciary reasonably determines are relevant to a risk-return analysis, using appropriate investment horizons consistent with investment objectives and funding policy;
2. Risk-return factors *may* include economic effects of ESG factors on the particular investment or decision depending on the investment’s facts and circumstances; and

¹ DOL enforces the federal Employee Retirement Income Security Act of 1974 (“ERISA”), which applies to private pension plans. Governmental pension plans are exempt from ERISA but often look to DOL guidance on fiduciary issues since the fiduciary duties are similar or the same.

Summary, page 2

3. The weight given to any ESG factor should appropriately reflect an assessment of its impact on risk and return.

Take Aways

- The risk-return analysis is paramount in making investment decisions but ESG factors *may* be economically relevant to that analysis but are not required;
- ESG factors can be used in selecting between 2 investment options or decisions that “equally serve the financial interests of the plan over the appropriate time horizon” (e.g., tie breaker); and
- Fiduciary duties extend to the exercise of shareholder rights, such as proxy voting. Proxies should be voted unless a fiduciary determines that exercising the proxy vote would not be in the best interest of the plan participants and beneficiaries.

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TO: BOARD OF TRUSTEES

FROM: ADAM WEERS
INVESTMENT COMMITTEE CHAIR

DATE: DECEMBER 15, 2022

SUBJECT: INVESTMENT COMMITTEE REPORT

The Investment Committee did not meet on Thursday, December 15, 2022, so there is no report.

The next Investment Committee Meeting is scheduled for Thursday, January 19, 2023.

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TO: BOARD OF TRUSTEES

FROM: NATHAN A. SAUNDERS, CHAIR

DATE: DECEMBER 15, 2022

SUBJECT: OPERATIONS COMMITTEE REPORT

The Operations Committee met on December 15, 2022 at 10:00 a.m. and the meeting agenda included a presentation from Bolton, DCRB's Actuary, on their final Actuarial Valuations report, including a proposed action item. A copy of that presentation is included in your Board package.

Following the presentation and associated discussion, the following motion was made, voted on, and approved by the Operations Committee for recommendation to the full board:

MOTION:

To accept and approve Bolton Inc.'s Actuarial Valuations Report on the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan as of October 1, 2022, for Fiscal Year ending 2024, presented to the Board by Bolton on December 15, 2022, and incorporated herein by reference.

The next Operations Committee Meeting will be determined at a later date.

This concludes my committee report.

Understanding Actuarial Reports

December 15, 2022

Thomas Vicente, Senior Consulting Actuary | Ann Sturner, Senior Consulting Actuary
Colin Slovenkay, Actuary

Bolton



What we will talk about

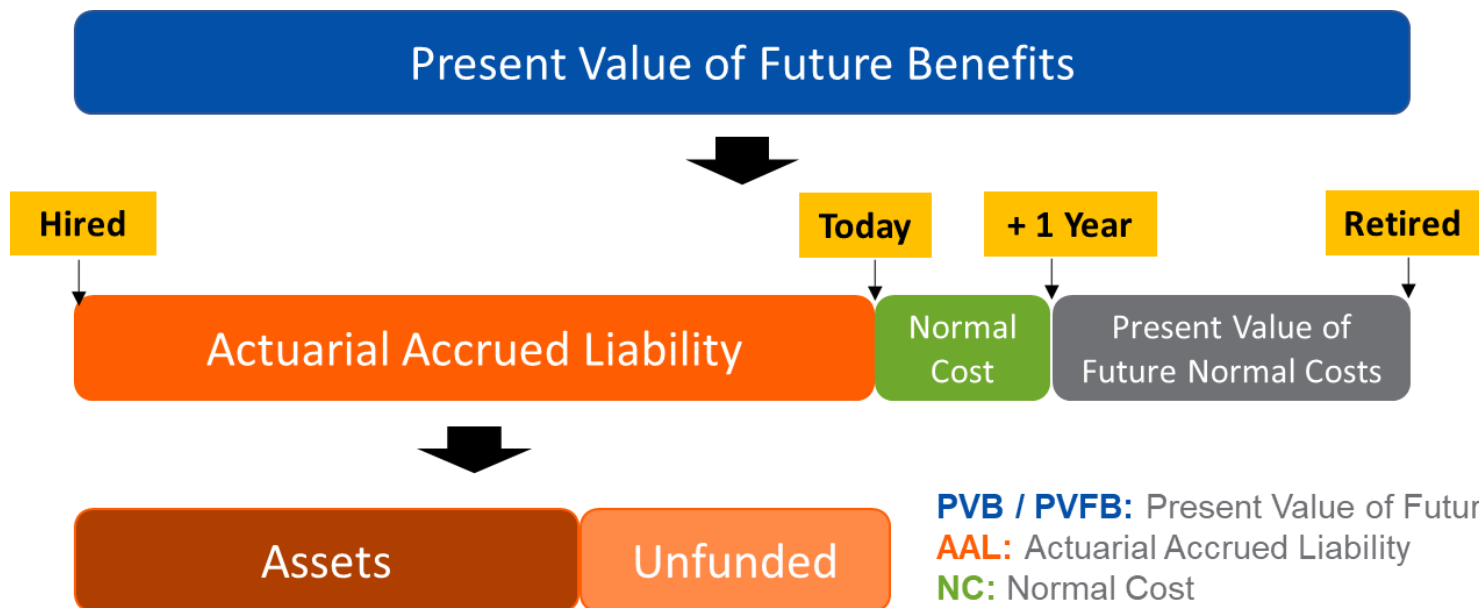
- Actuarial report “flavors”
- Some actuarial jargon
- What goes into the actuarial accrued liability calculations
- Actuarially Determined Contribution (ADC)

Actuarial Report Flavors

- There are different kinds of actuaries that work with different products or lines of business
 - Pension
 - Medical
 - OPEB
 - Insurance Company
 - Property and Casualty
- Actuarial reports have different purposes
 - **Recommended Contributions**
 - Accounting
 - Plan Design Changes
 - Solvency, Settlement



Actuarial Jargon



The **Actuarial Cost Method** determines how the PVFB is allocated between the three main components.

PVB / PVFB: Present Value of Future Benefits
AAL: Actuarial Accrued Liability
NC: Normal Cost
PVFNC: Present Value of Future Normal Costs
MVA: Market Value of Assets
AVA: Actuarial Value of Assets
UAAL: Unfunded Actuarial Accrued Liability

PVB: Present Value of (Future) Benefits

- Actuary's estimate of the amount of money necessary to pay all benefits
 - Based on a cash flow stream until the last participant dies
 - Discounted to the valuation date
- Based on the current plan design
- Includes estimates of future service and future pay increases
- Does not include estimates for future hires
- Plan funded status not typically based on PVB
 - On average employees will typically work another 10 to 15 years before receiving benefits
 - Future service benefits for actives should be funded over this future service period

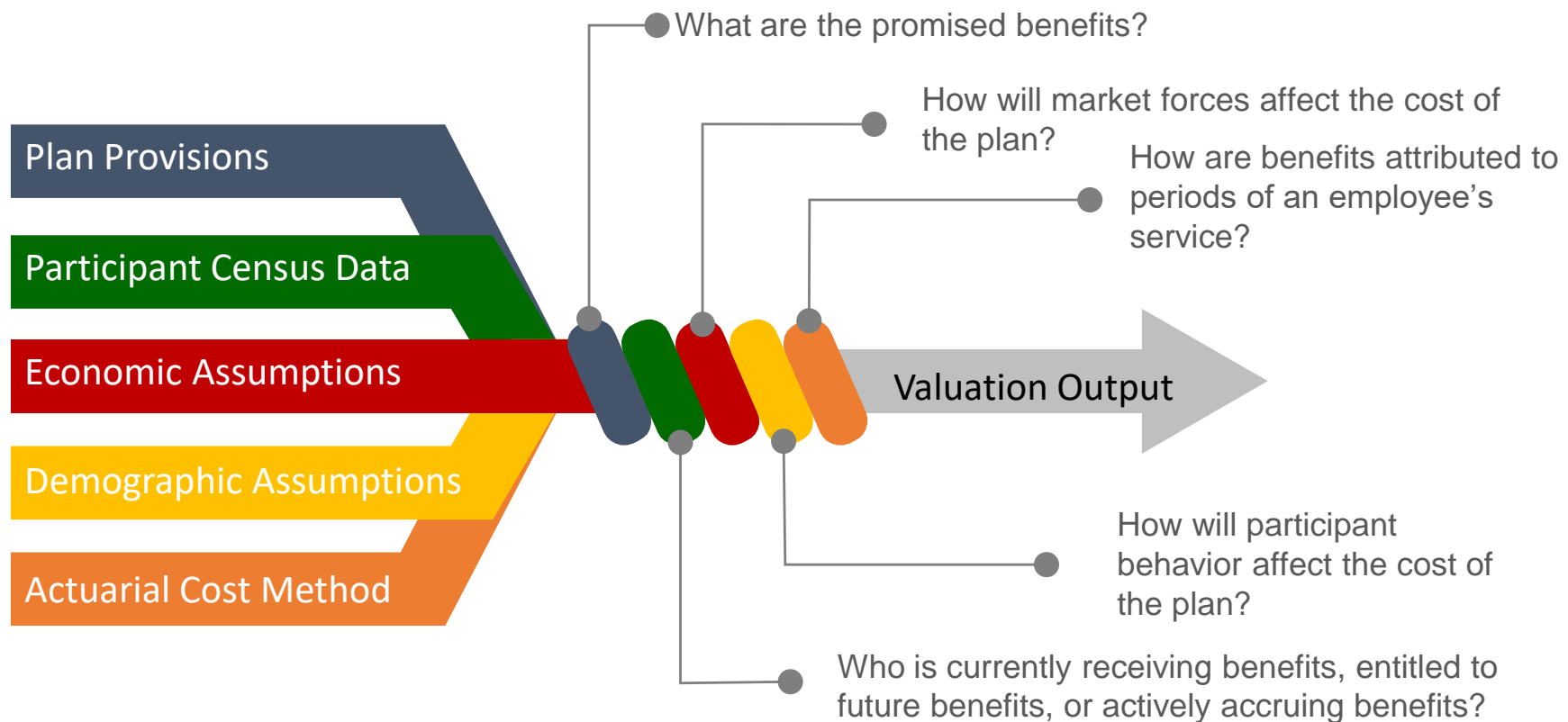
Present Value Slices

- Actuarial Accrued Liability
 - The portion of the PVB allocated to the past
 - Includes estimates of past service and future pay increases
 - Acronyms (AL, AAL, UAL, UAAL – the U is for unfunded)
- Normal (or Service) Cost
 - The portion of the PVB allocated to the current year
 - Includes estimate of current year service and future pay increases
 - Key item in reconciling AAL from year to year
- Present Value of Future Normal Cost
 - The portion of the PVB allocated to the future

Actuarial Cost Method

- The method used to divide the PVB between the past, present and future
- There are several actuarial cost methods; two most common are:
 - Entry Age Normal (EAN) – used by DCRB
 - Level cost (individual) method
 - Normal cost is a level percentage of pay over working lifetime
 - Projected Unit Credit (PUC)
 - Increasing cost (individual) method
 - Normal cost based on value of accruals for one year using projected pay
 - Normal cost typically increases as participant gets closer to retirement age
- EAN usually allocates more to the past than PUC

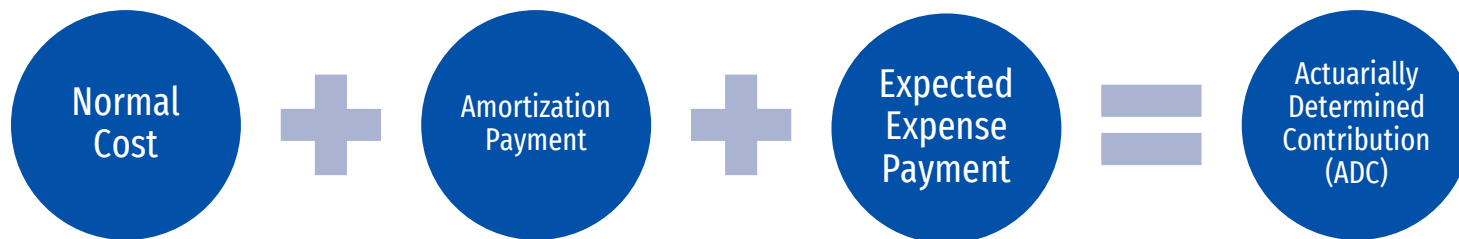
Actuarial Inputs to Calculate Accrued Liabilities



Cost Method vs. Funding Method

- When calculating an Actuarially Determined Contribution (ADC), a funding method must be defined
- Funding method is a combination of:
 - Actuarial Cost Method
 - Actuarial Value of Assets Method
 - Based on Market (Fair) Value
 - May allow for smoothing of gains and losses
 - May limit smoothed result to within a corridor around Market Value
 - Amortization Method
 - To systematically account for payment of any Unfunded Actuarial Accrued Liability

Actuarially Determined Contribution (ADC)



- Normal cost
 - Cost of benefits in upcoming year
- Amortization payment
 - Payment towards the unfunded liability or credit due to surplus
- Expected expense payment
 - Expected incurred expenses in upcoming year
- Actuarially Determined Contribution (ADC)
 - Contribution amount for fiscal year that begins one year after the actuarial valuation date
 - For example, October 1, 2021 actuarial valuation provide FY2023 ADC

LDROM

- Low Default Risk Obligation Measure
 - Value liabilities based on yields on low default risk investments
 - Generally produces a higher liability measure
 - Does not impact budget or accounting
- Required starting in 2023
- To Do
 - Assess amount of LDROM
 - Check with stakeholders on implications

Teachers' Retirement Plan Police Officers and Firefighters' Retirement Plan September 30, 2022 Valuation Analysis

December 15, 2022

Thomas Vicente, Senior Consulting Actuary | Ann Sturner, Senior Consulting Actuary
Colin Slovenkay, Actuary

Bolton



Agenda

03

Key Results

08

Gain/Loss Analysis

10

Asset History

12

Participant Data

23

Risk Assessments

27

Projections

Bolton

Key Results

- Funded ratio declined from 112.3% to 109.9% (Actuarial Value basis)
 - Teachers: 98.8% (99.5% at 9/30/2021)
 - Police & Fire: 114.7% (117.9% at 9/30/2021)
- District contribution increased from \$125M for FY2023 to \$130M for FY2024
 - Solely for District provided benefits
- Primary drivers of change
 - Asset returns below assumed rate
 - Post-retirement COLA

Key Experience Findings

Source	Commentary	Impact on liability
Post-retirement COLA	High inflation (offset in part by capped increases for some retirees)	1.5% increase
Salary Increases	Lower than long term expectations	1.3% decrease
Overall	Variation within acceptable range	0.7% increase

Pension Results: Funded Status

Plan	Actuarial Value of Assets		Market Value of Assets	
	9/30/2021	9/30/2022	9/30/2021	9/30/2022
Teachers	99.5%	98.8%	108.7%	89.6%
Police	115.8%	112.4%	126.5%	101.9%
Fire	<u>123.0%</u>	<u>120.0%</u>	<u>134.3%</u>	<u>108.8%</u>
Police & Fire	117.9%	114.7%	128.8%	104.0%
Total	112.3%	109.9%	122.7%	99.6%

- Funded levels are very strong compared to other large cities and states
 - NASRA survey shows an aggregate FY2021 funded ratio of 74.9%

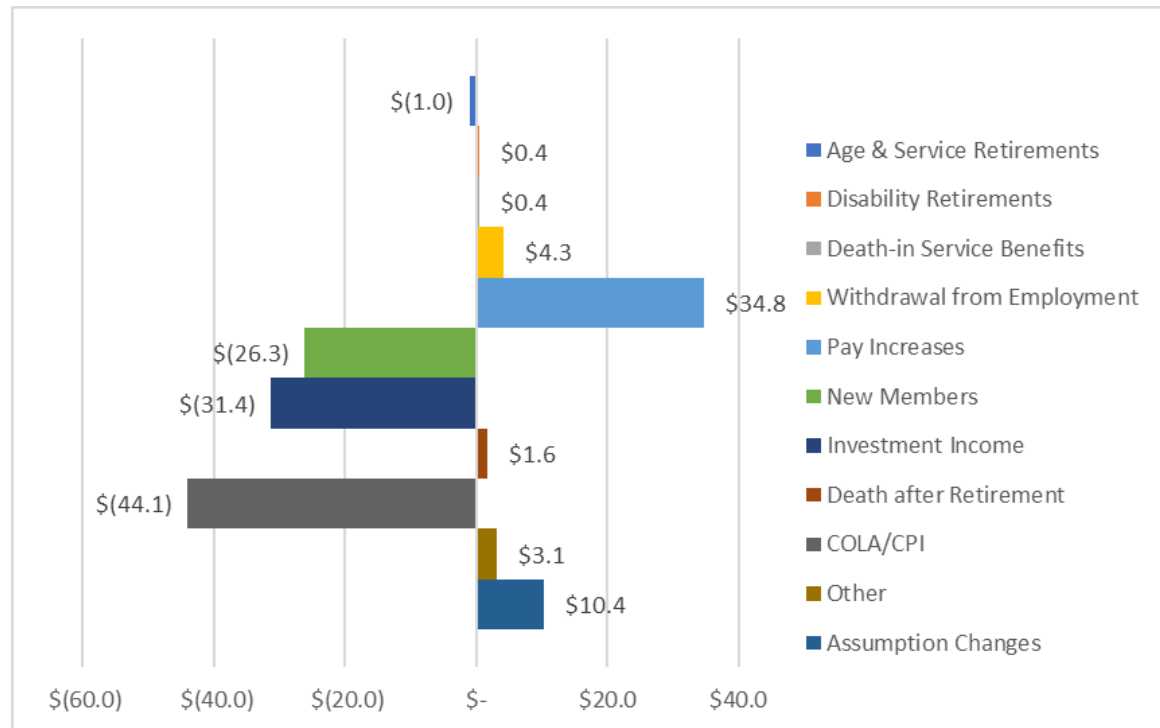
Pension Results: FY2024 Contributions (\$ millions)

	Teachers	Police	Fire	Total
Employer Normal Cost Rate (incl. expenses)	7.19%	32.52%	32.05%	18.27%
Unfunded Liability Rate	<u>0.47%</u>	<u>(12.36%)</u>	<u>(16.12%)</u>	<u>(5.76%)</u>
Total Employer Rate	7.66%	20.16%	15.93%	12.51%
Estimated 2024 FY Payroll	\$637.0	\$325.9	\$175.5	\$1,138.4
Actuarially Determined Employer Contribution	\$48.8	\$65.7	\$28.0	\$142.4
Section 1-907.02(c) Contribution Adjustment	\$1.5	\$(9.5)	\$(4.3)	\$(12.3)
Actuarially Determined Employer Contribution after Adjustment	\$50.2	\$56.2	\$23.7	\$130.1

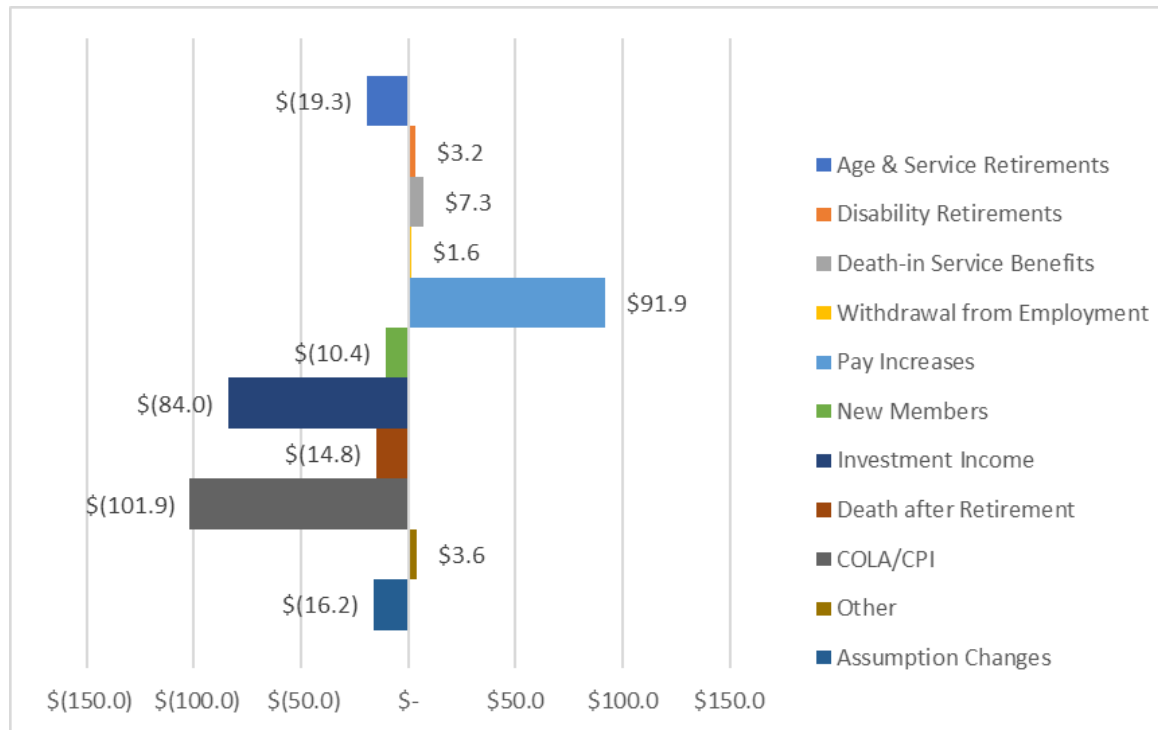
Reconciliation of Contribution Requirement (\$ millions)

Source	Increase/ (Decrease) in Contribution	Cumulative Employer Contribution
October 1, 2021 Valuation (for FY 2023)		\$125.3
Expected Normal Cost Increase	\$7.8	133.1
Section 1-907.02(c) Contribution Adjustment from 2021 Valuation	6.9	140.0
Actuarial Value of Assets Change	8.8	148.8
Net Demographic Experience	(17.9)	130.9
Net COLA Experience	11.2	142.1
Plan Amendments	0.0	142.1
Assumption and/or Method Changes	0.3	142.4
Section 1-907.02(c) Contribution Adjustment from 2022 Valuation	(12.3)	130.1
October 1, 2022 Valuation (for FY 2024)		\$130.1

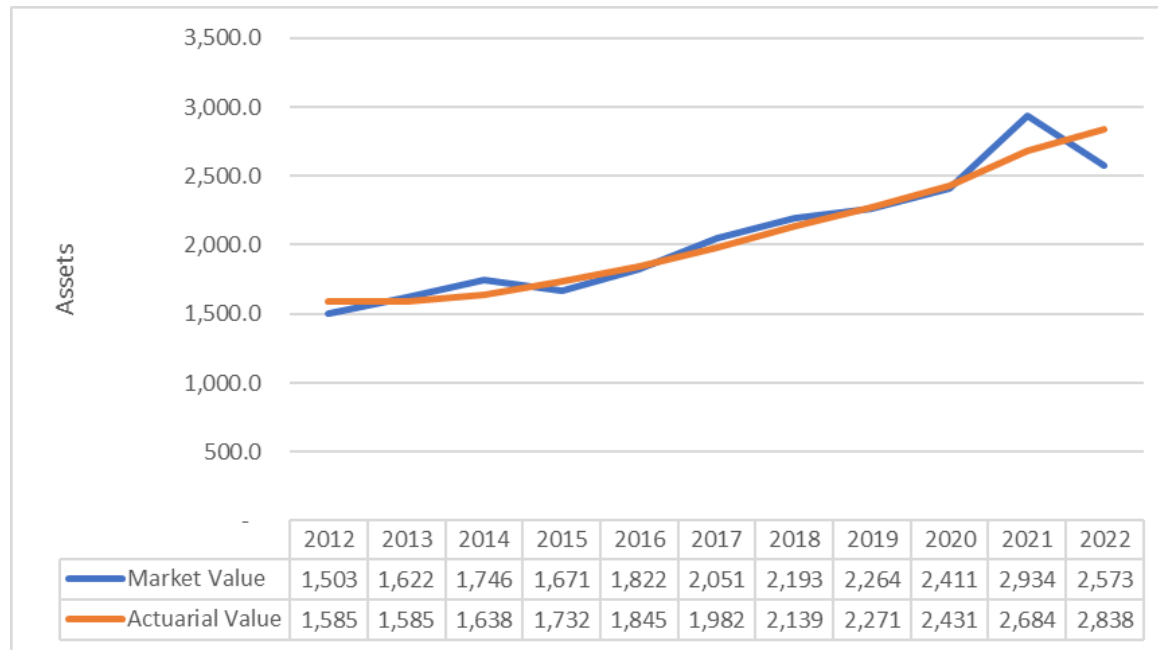
Teachers Actuarial Gain/(Loss) Analysis (\$ millions)



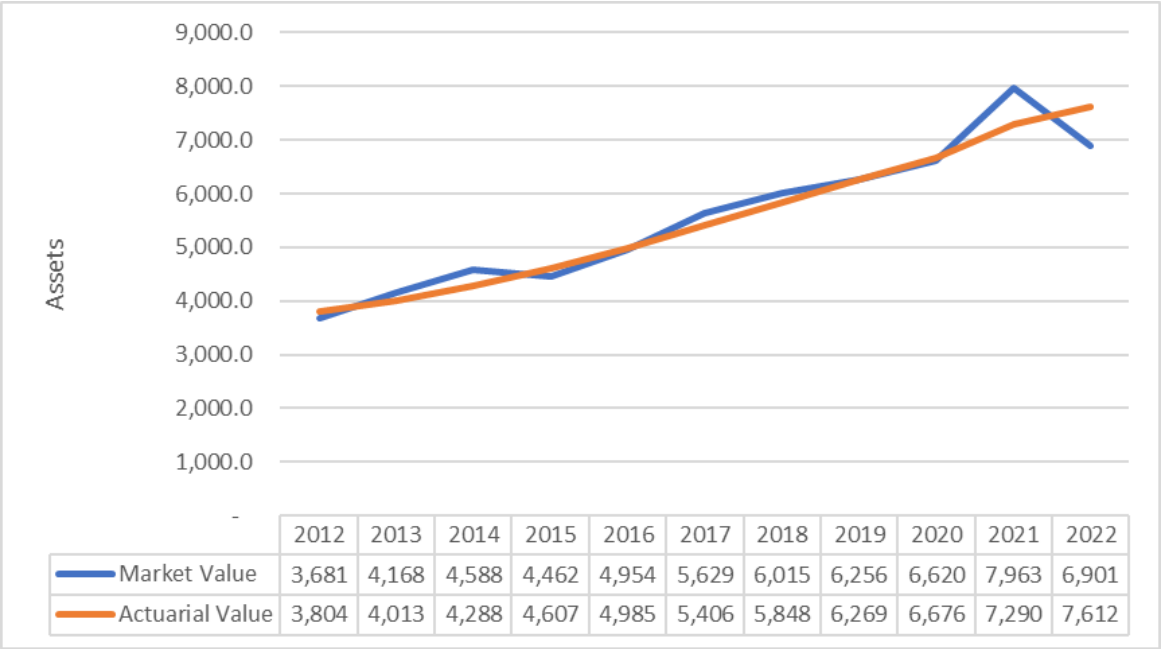
Police & Fire Actuarial Gain/(Loss) Analysis (\$ millions)



Teachers Assets (\$ millions)



Police & Fire Assets (\$ millions)



Teachers Participant Reconciliation

- Change in participant counts from 7/1/2021 to 7/1/2022

Teachers	Active Participants	Inactive Participants			Vested Terms	Total
		Retirees	Disabled Retirees	Beneficiaries		
Participants in Last Valuation	6,050	3,775	107	190	1,514	11,636
Death	(1)	(94)	(6)	(7)	0	(108)
Disabled	(1)	0	1	0	0	0
Retired	(75)	85	0	0	(10)	0
Vested Termination	(296)	0	0	0	296	0
Nonvested Termination	(380)	0	0	0	0	(380)
Return of Contributions/Benefits Ended	(113)	(10)	0	(1)	(33)	(157)
New Actives	872	0	0	0	0	872
Rehire from Vested Term	32	0	0	0	(32)	0
Rehire from Nonvested Term	0	0	0	0	0	0
New Beneficiaries	0	0	0	19	0	19
Data Adjustment	0	6	0	0	(17)	(11)
Participants in This Valuation	6,088	3,762	102	201	1,718	11,871

In addition, there are 1,021 participants who are non-vested and due a refund of employee contributions.

Police Participant Reconciliation

- Change in participant counts from 7/1/2021 to 7/1/2022

Police	Active Participants	Inactive Participants				Total
		Retirees	Disabled Retirees	Beneficiaries	Vested Terms	
Participants in Last Valuation	3,366	2,348	332	415	252	6,713
Death	(6)	(17)	(8)	(7)	0	(38)
Disabled	(11)	0	11	0	0	0
Retired	(124)	142	0	0	(18)	0
Vested Termination	(59)	0	0	0	59	0
Nonvested Termination	(62)	0	0	0	0	(62)
Return of Contributions/Benefits Ended	(32)	0	0	(10)	(21)	(63)
New Actives	202	0	0	0	0	202
Rehire from Vested Term	8	0	0	0	(8)	0
Rehire from Nonvested Term	0	0	0	0	0	0
New Beneficiaries	0	0	0	41	0	41
Data Adjustment	0	5	0	(1)	(6)	(2)
Participants in This Valuation	3,282	2,478	335	438	258	6,791

In addition, there are 147 participants who are non-vested and due a refund of employee contributions.

Fire Participant Reconciliation

- Change in participant counts from 7/1/2021 to 7/1/2022

Fire	Active Participants	Inactive Participants				Total
		Retirees	Disabled Retirees	Beneficiaries	Vested Terms	
Participants in Last Valuation	1,876	771	98	151	90	2,986
Death	(2)	(8)	0	0	0	(10)
Disabled	(3)	0	3	0	0	0
Retired	(87)	91	0	0	(4)	0
Vested Termination	(20)	0	0	0	20	0
Nonvested Termination	(30)	0	0	0	0	(30)
Return of Contributions/Benefits Ended	(7)	(1)	0	(2)	(7)	(17)
New Actives	124	0	0	0	0	124
Rehire from Vested Term	0	0	0	0	0	0
Rehire from Nonvested Term	0	0	0	0	0	0
New Beneficiaries	0	0	0	19	0	19
Data Adjustment	0	0	0	0	(1)	(1)
Participants in This Valuation	1,851	853	101	168	98	3,071

In addition, there are 66 participants who are non-vested and due a refund of employee contributions.

Active and Retired Statistics

Teachers	2021	2022	% Change
Total Active Counts	6,050	6,088	0.6%
Total Active Salary	\$600,480,683	\$612,462,712	2.0%
Average Active Salary	\$99,253	\$100,602	1.4%
Total Retiree Counts*	4,072	4,065	-0.2%
Average Annual District Benefit	\$21,761	\$23,785	9.3%

Police	2021	2022	% Change
Total Active Counts	3,366	3,282	-2.5%
Total Active Salary	\$320,487,230	\$313,391,337	-2.2%
Average Active Salary	\$95,213	\$95,488	0.3%
Total Retiree Counts*	3,095	3,251	5.0%
Average Annual District Benefit	\$38,957	\$42,718	9.7%

Fire	2021	2022	% Change
Total Active Counts	1,876	1,851	-1.3%
Total Active Salary	\$172,299,365	\$168,700,463	-2.1%
Average Active Salary	\$91,844	\$91,140	-0.8%
Total Retiree Counts*	1,020	1,122	10.0%
Average Annual District Benefit	\$40,796	\$45,703	12.0%

*Service Retired, Disabled and Beneficiaries (Receiving District Benefits)

Active to Inactive Status Movements

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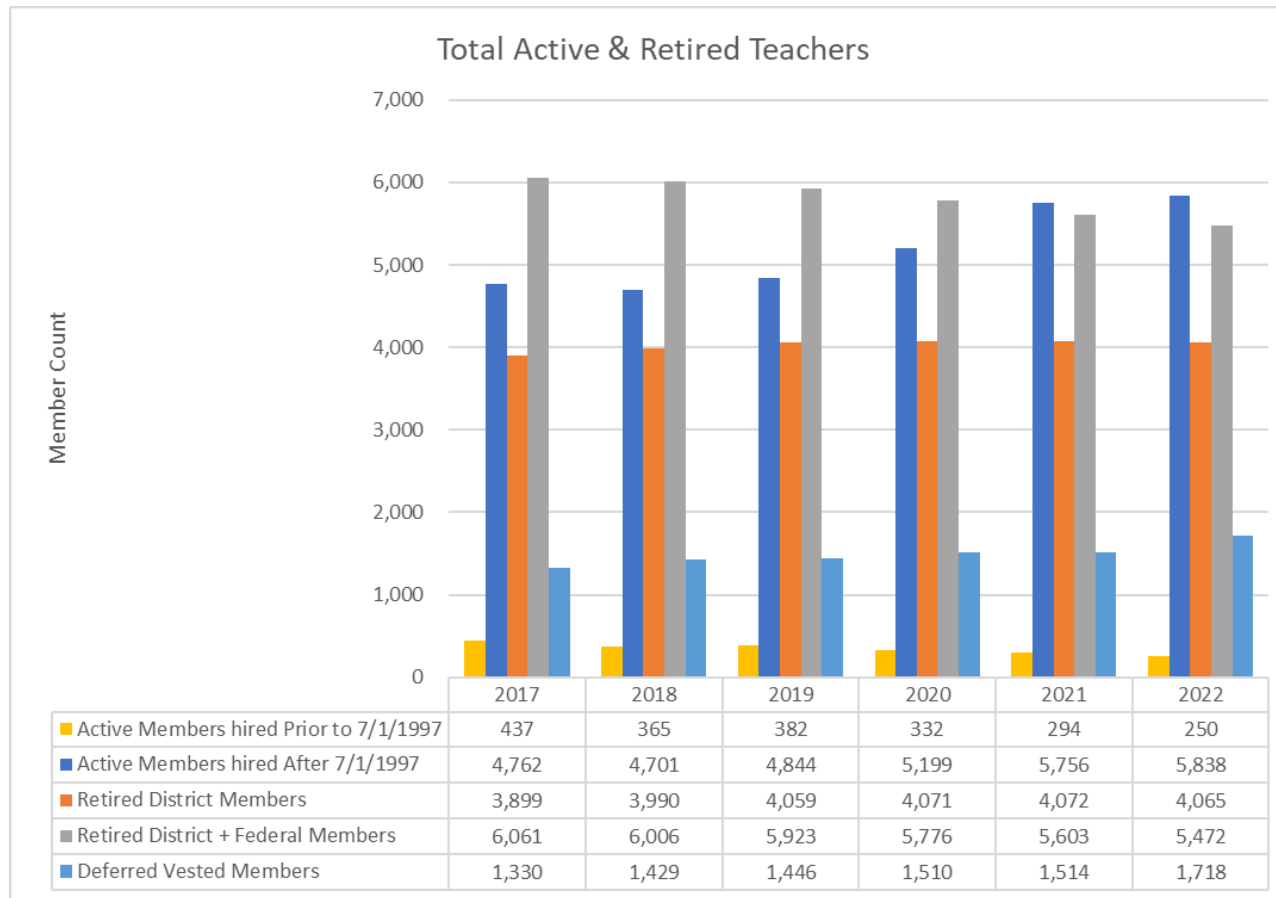
Teachers	Active Participants 2021	Active Participants 2022
Retired	53	75
Vested Termination	92	296
Nonvested Termination*	140	493

Police	Active Participants 2021	Active Participants 2022
Retired	139	124
Vested Termination	66	59
Nonvested Termination*	73	94

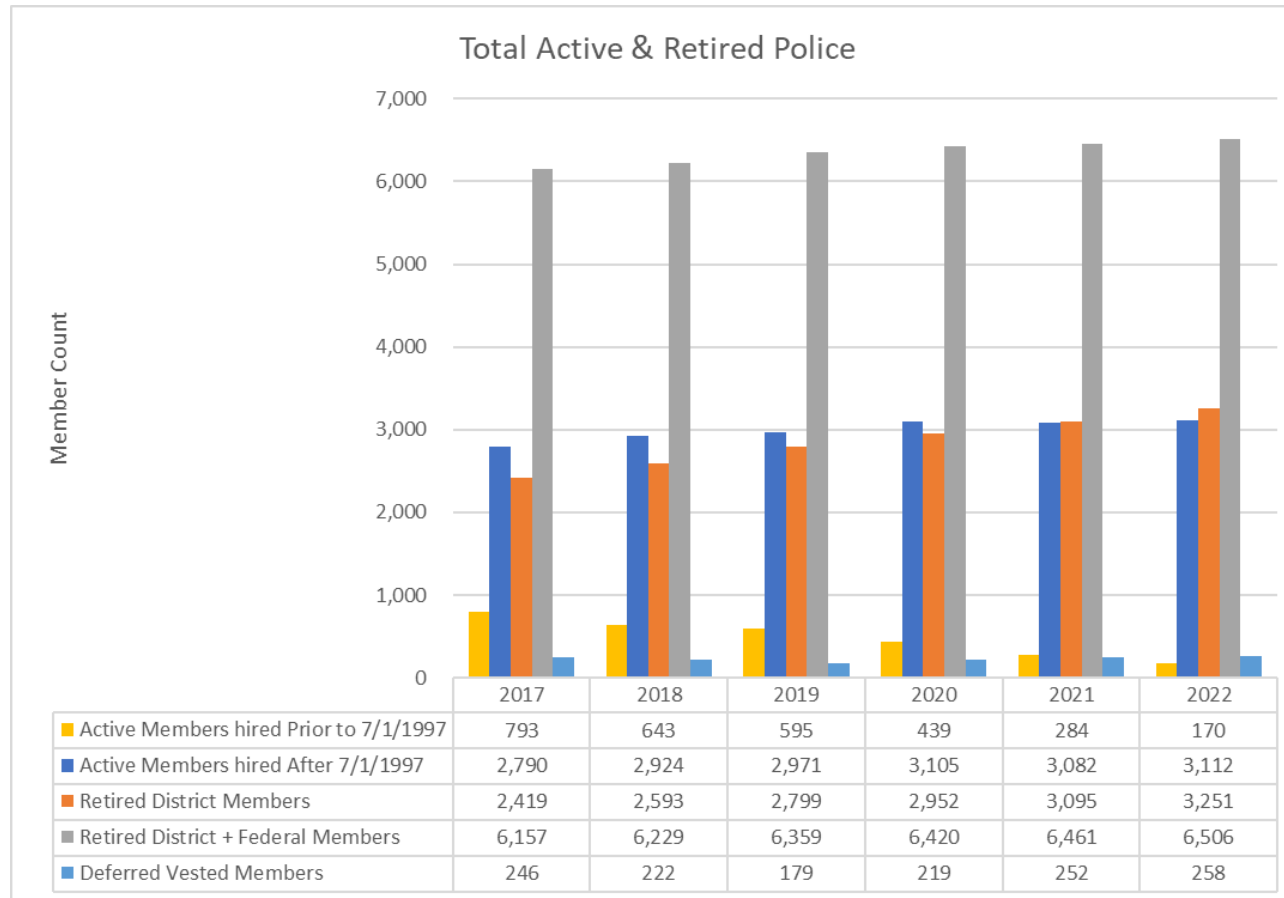
Fire	Active Participants 2021	Active Participants 2022
Retired	47	87
Vested Termination	10	20
Nonvested Termination*	16	37

*Includes active participants who received a refund of contributions.

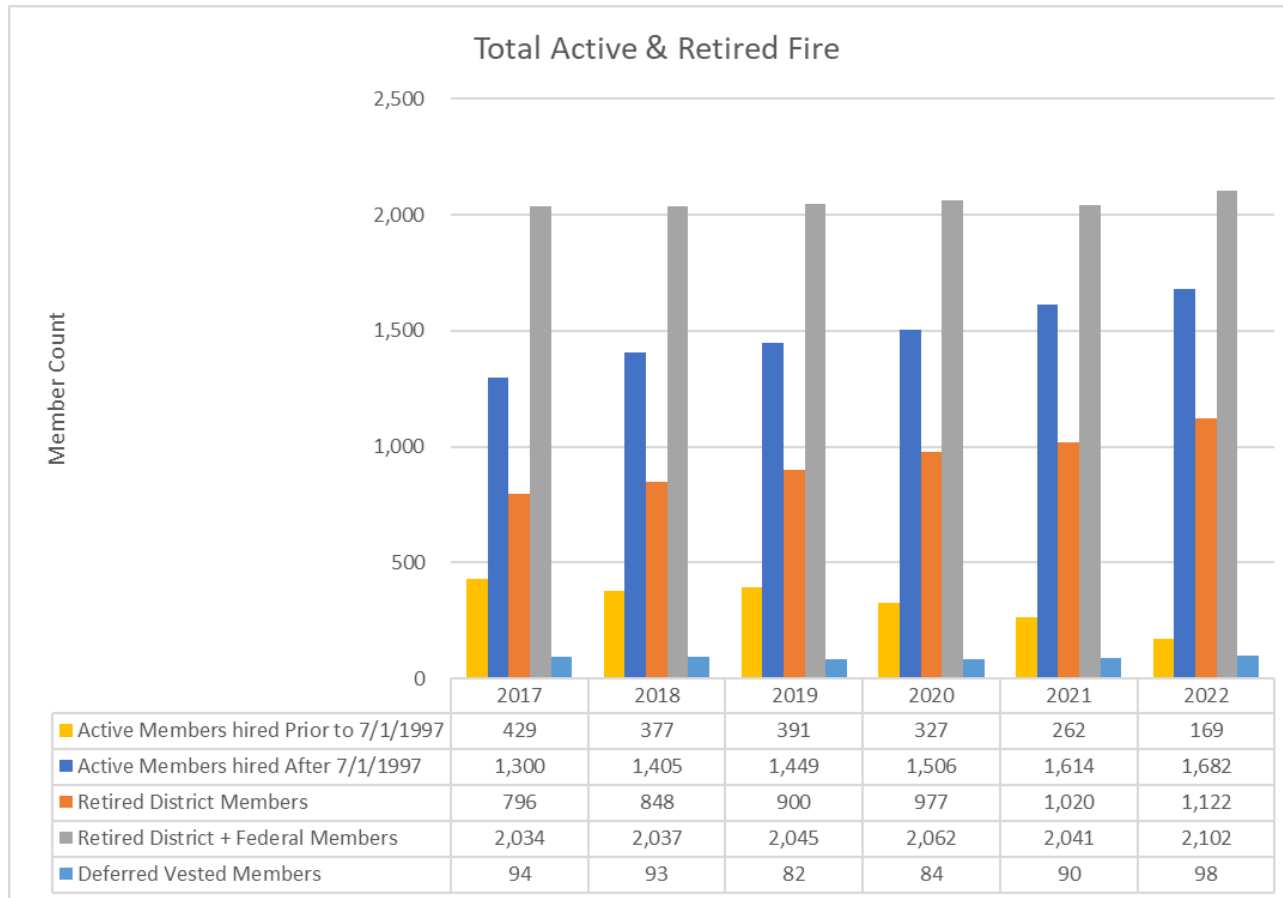
Total Active & Retired Teachers



Total Active & Retired Police



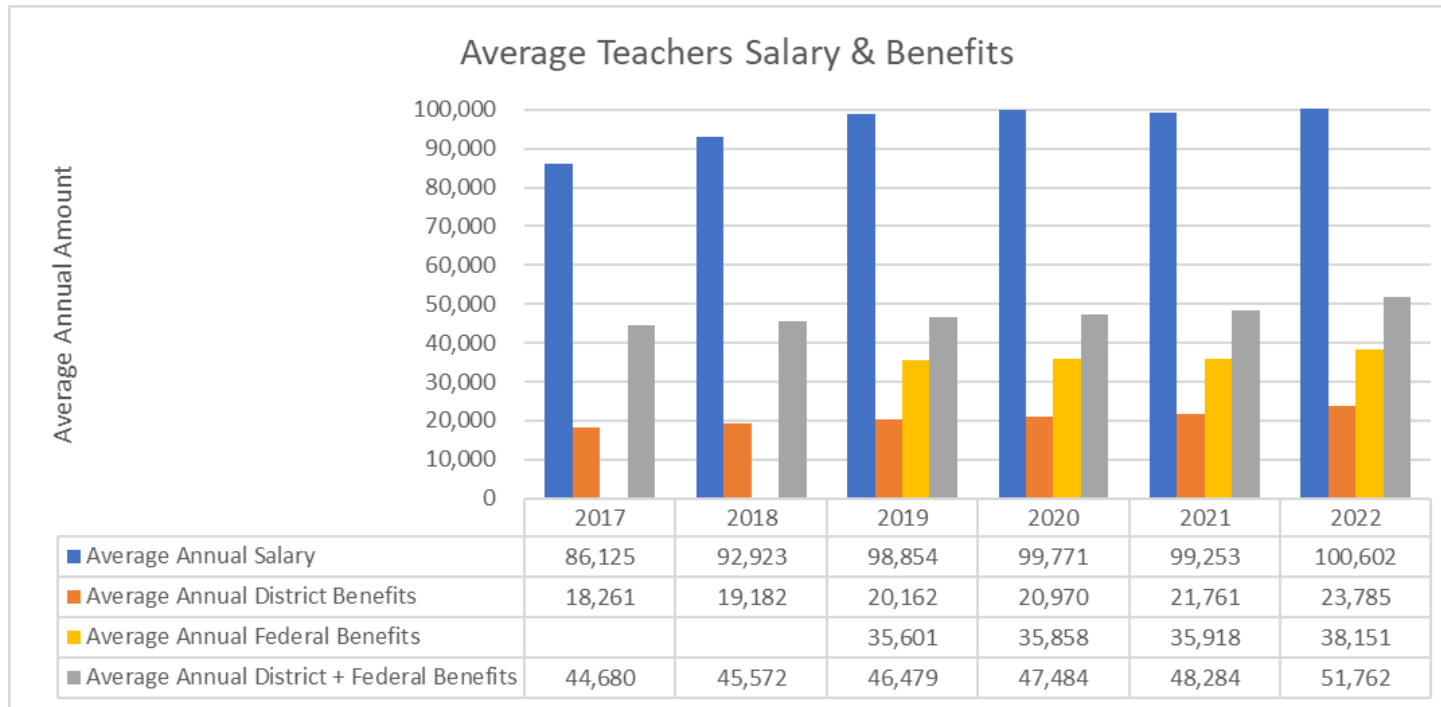
Total Active & Retired Fire



19

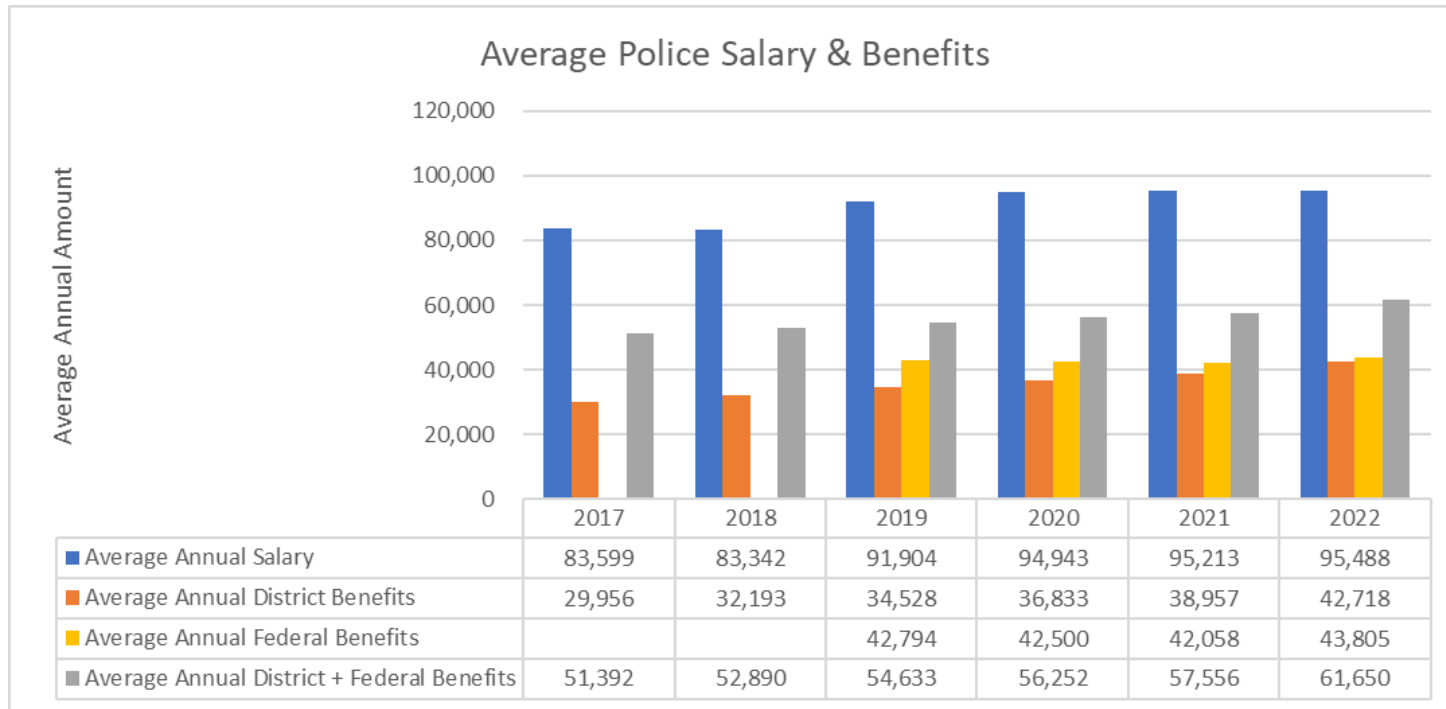
Bolton

Average Teachers Salary & Benefits



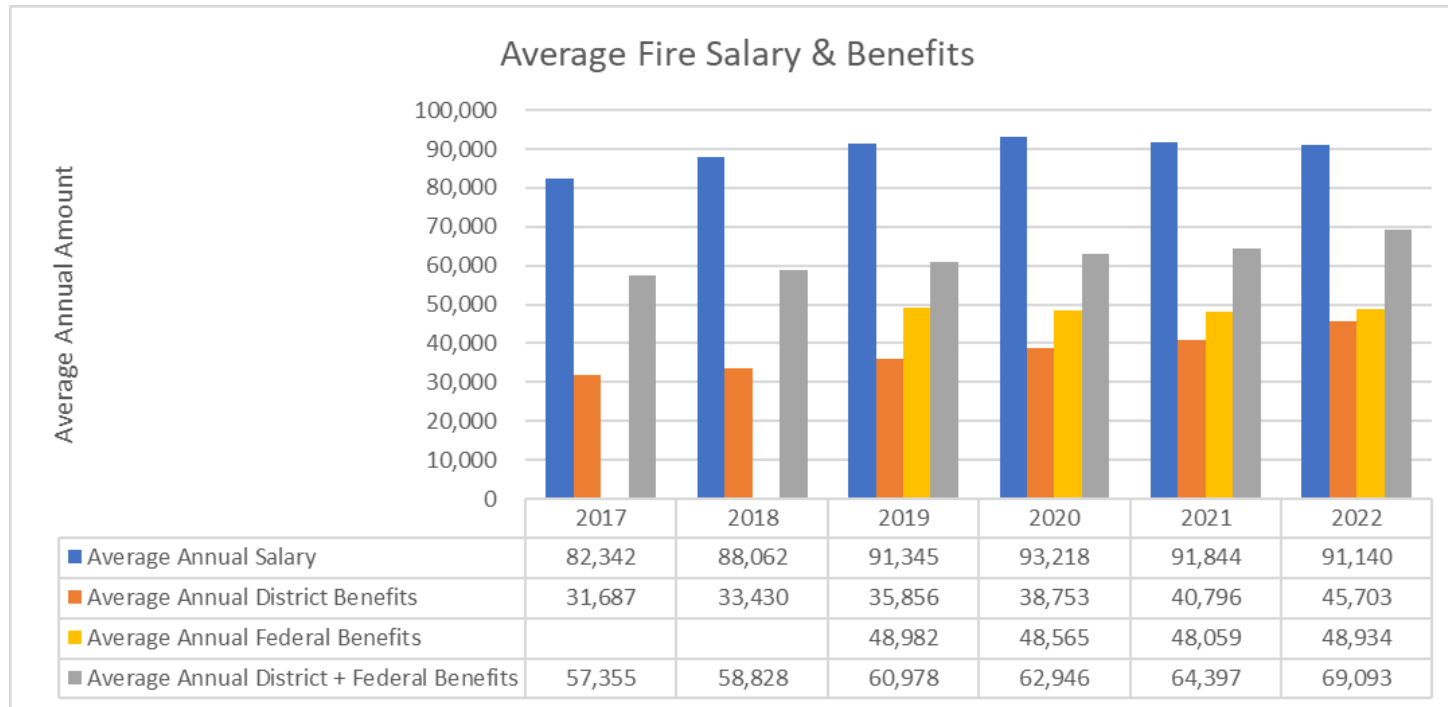
- Note: Federal only information is not available for 2017 and 2018

Average Police Salary & Benefits



- Note: Federal only information is not available for 2017 and 2018

Average Fire Salary & Benefits



- Note: Federal only information is not available for 2017 and 2018

Risk Assessments

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- What current or emerging factors could impact the plans?
- Investment returns – how much do year-to-year fluctuations matter?
 - DCRB has a surplus to lower risk overall
 - Currently assets are about 34 times annual payouts
 - Risk is to impact on annual contribution requirement
- Plan maturity – is plan influenced more by active member activity or retiree activity?
 - Retiree liability is about 51% of total liability so no longer “Active Dominant”
 - Pay, turnover and retirement activity are key assumptions for actives
- Plan is moving to become more mature
 - Will put more pressure on investment returns
 - Lower support ratio (number of actives versus retirees)

Risk Assessments: Asset Driven

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- Asset Volatility Ratio (AVR): Market value of assets (MVA) divided by payroll
- A higher AVR implies that the plan is exposed to greater contribution volatility

Plan	2020	2021	2022
Teachers	4.4	4.9	4.2
Police & Fire	13.0	16.2	14.3

- The Teachers 4.2 ratio indicates a 1% deviation in asset return equals 4.2% of payroll. Based on the contribution policy, this is equal to 0.3% of pay.
- The Police & Fire 14.3 ratio indicates a 1% deviation in asset return equals 14.3% of payroll. Based on the contribution policy, this is equal to 1.0% of pay.

Risk Assessments: Liability Driven

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- Liability Volatility Ratio (LVR): Actuarial Accrued Liability (AAL) divided by payroll
- A higher LVR implies that the plan is exposed to greater contribution volatility

Plan	2020	2021	2022
Teachers	4.8	4.5	4.7
Police & Fire	11.9	12.5	13.8

- The Teachers 4.7 ratio indicates a 1% deviation in asset return equals 4.7% of payroll. Based on the contribution policy, this is equal to 0.4% of pay.
- The Police & Fire 13.8 ratio indicates a 1% deviation in asset return equals 13.8% of payroll. Based on the contribution policy, this is equal to 1.0% of pay.

Risk Assessments: What is Next?

- Pension plans evolve over time and so do the risks
- Low Default Risk Obligation Measure (LDRM) – required for 2023 valuation
 - Another number
 - Typically larger
- Potential future reviews
 - Rate and magnitude of increasing benefit payouts
 - Stress testing future investment return scenarios
 - Change in risk metrics as the plans mature
 - Surplus management techniques

Projections

- Assume level population
- All assumptions are met annually except as described below
- Funding policy remains unchanged
- Outlook
 - Funded ratio expected to decrease for several years as 2022 asset losses are phased in
 - Contribution rate expected to increase for several years as 2022 asset losses phased in
- Future events that can impact projections
 - Higher pay (CBA driven)
 - Market movements/COVID
 - Inflation (short term versus long term)

FY2025 Considerations

ADC (in thousands)	FY2024 (Actual)	FY2025 (Estimated)
Teachers, Police, and Fire	\$130,107 (12.51%)	\$234,867 (18.40%)
Teachers	50,224 (7.66%)	\$79,497 (11.01%)
Police and Fire	79,884 (18.68%)	\$155,370 (28.03%)
Police	56,190 (20.16%)	\$109,947 (30.31%)
Fire	23,693 (15.93%)	\$45,423 (23.71%)

*FY2025 based on

- 7.0% inflation for computing post retirement COLA (2023)
- Retroactive Teacher, Police, and Fire pay increases
- 6.25% investment return for FY2023

FY2025 Considerations

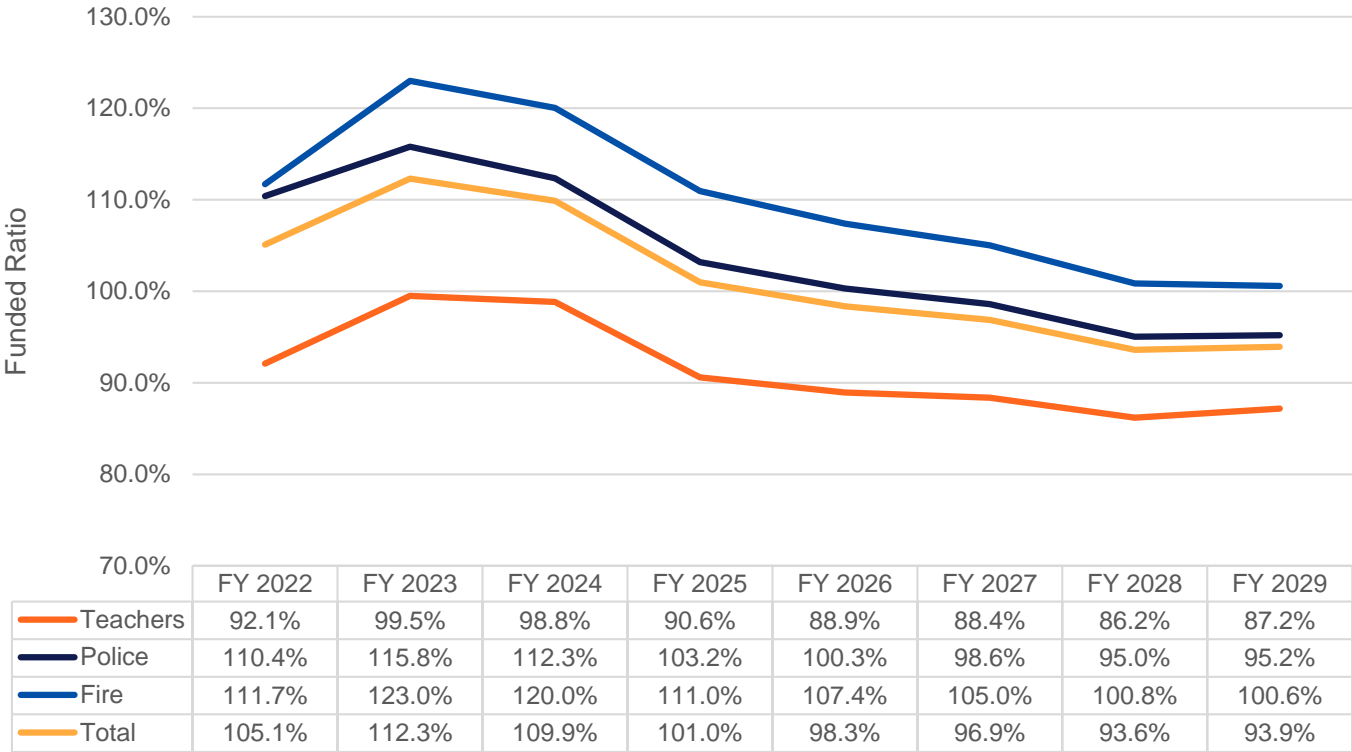
ADC (in thousands)	Teacher	Police	Fire	Total
FY 2024 ADC	\$50,224	\$56,190	\$23,693	\$130,107
1-907 Adj	(1,461)	9,523	4,264	12,326
Regular expected	1,951	2,629	1,118	5,698
Investment Loss Phase in	7,881	15,057	7,415	30,353
Assumed 7% inflation	4,182	6,452	1,791	12,425
Assumed Retro Pay	<u>16,720</u>	<u>20,096</u>	<u>7,142</u>	<u>43,958</u>
Est FY 2025 ADC	\$79,497	\$109,947	\$45,423	\$234,867

*FY2025 based on

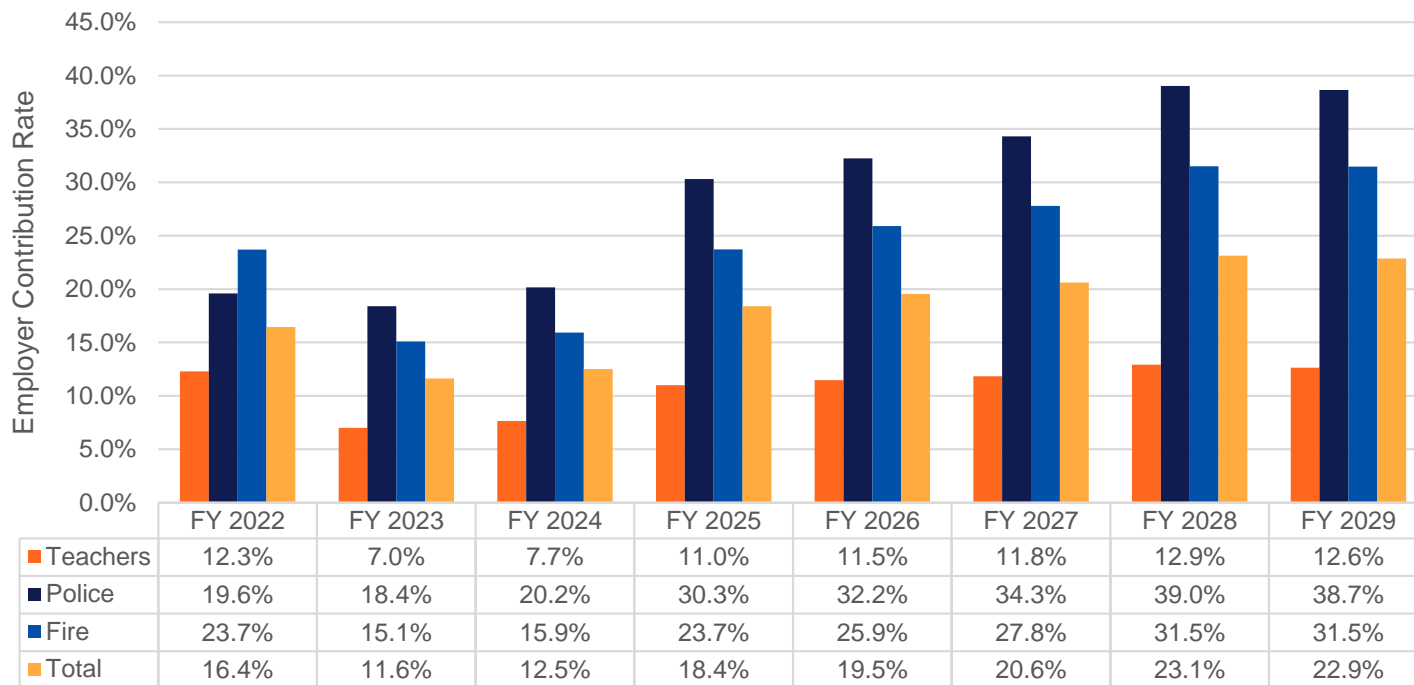
- 7.0% inflation for computing post retirement COLA (2023)
- Retroactive Teacher, Police, and Fire pay increases
- 6.25% investment return for FY2023



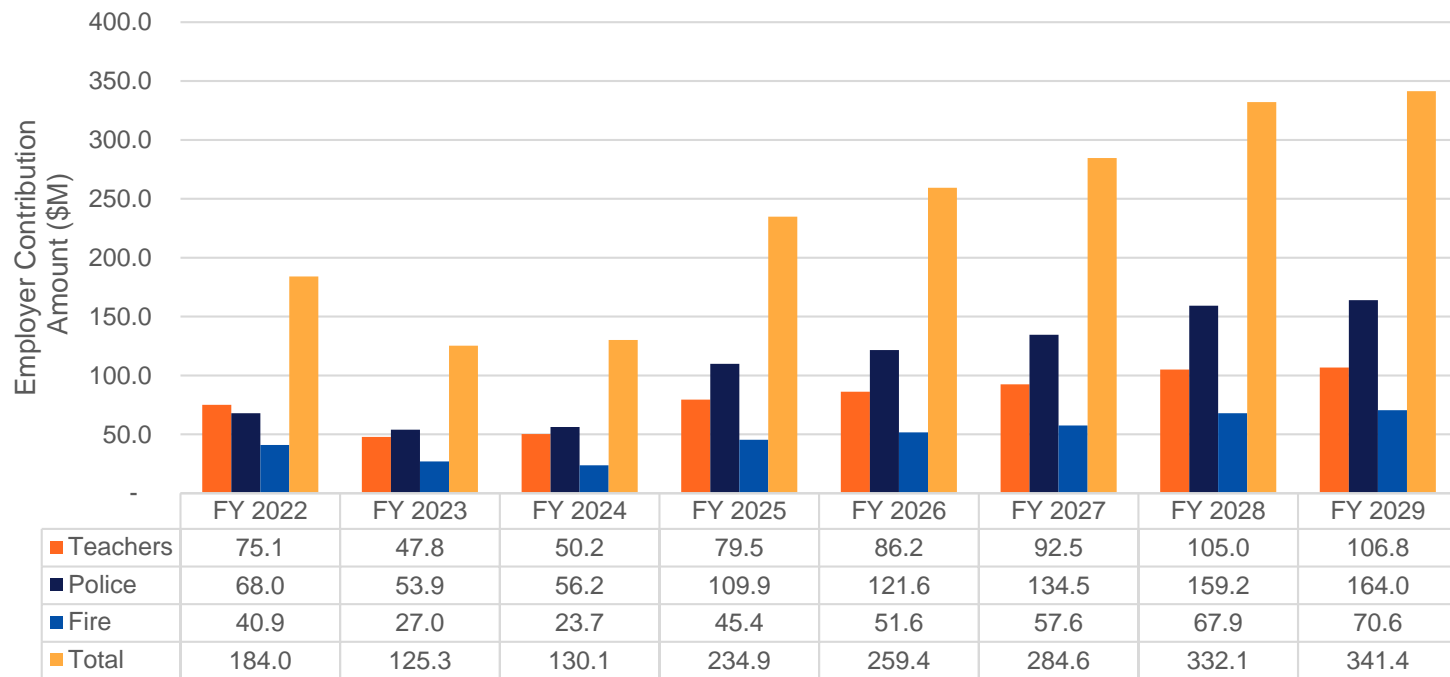
Funded Status



Employer Contribution Rate (% of Pay)



Employer Contribution Amount (\$ Millions)



Discussion



District of Columbia Retirement Board Teachers' Retirement Plan and Police Officers and Firefighters' Retirement Plan

Actuarial Valuations as of October 1, 2022 to Determine
the District's Contribution for the Fiscal Year Ending
September 30, 2024

Bolton

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December 5, 2022

The Board of Trustees
District of Columbia Retirement Board
900 7th Street, NW, 2nd Floor
Washington, DC 20001

Re: District of Columbia Teachers' Retirement Plan and District of Columbia Police Officers and Firefighters' Retirement Plan Actuarial Valuations

Dear Trustees:

The following sets forth the actuarial valuations of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan (collectively referred to as the Plans) as of October 1, 2022. Section I of the report provides a summary, while Sections II through VI contain the development of the District's contribution for the 2024 fiscal year, along with a summary of the census and asset data, plan provisions, assumptions and actuarial methods. Section VII provides a glossary of many of the terms used in this report. The appendices of the report provide information on plan funding, solvency, a discussion of risk, adjustments to the actuarially determined contribution, gain and loss from experience, and valuation balance sheets for the DCRB Annual Comprehensive Financial Report (ACFR).

We are available to answer any questions on the material in this report or to provide explanations or further details, as appropriate. The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or materially indirect financial interest or relationship, including investments or other services that could create a conflict of interest, which would impair the objectivity of our work.

Respectfully submitted,

Thomas Vicente, FSA, EA

Colin Slovenkay, FSA, EA

Ann M. Sturner, FSA, EA





Section I. Executive Summary

Background

Bolton Partners, Inc. has prepared the following report that sets forth the actuarial valuation of the District of Columbia Teachers' Retirement Plan (Teachers) and District of Columbia Police Officers and Firefighters' Retirement Plan (Police and Fire), collectively referred to as the Plans, as of October 1, 2022. Unless stated otherwise, the calculations reflected in this report are solely for the District-provided benefit and do not include the Federal portion of the benefit. Some demographic information includes a breakdown of District only, Federal only, and split annuitants.

Actuarially Determined Contributions (ADC)

The actuarially determined contribution (ADC) amount for all Plans decreased as a dollar amount and as a percentage of payroll this year.

(\$ in Thousands)

Teachers, Police, and Fire	FY2022	FY2023	FY2024
ADC (before §1-907.02(c) adjustment)	\$ 181,490	\$ 132,222	\$ 142,433
Total Payroll	1,104,198	1,136,998	1,138,337
Percent of Total Payroll	16.44%	11.63%	12.51%
ADC (after §1-907.02(c) adjustment)	\$ 184,025	\$ 125,343	\$ 130,107

Teachers	FY2022	FY2023	FY2024
ADC (before §1-907.02(c) adjustment)	\$ 70,524	\$ 43,913	\$ 48,763
Total Payroll	575,288	624,500	636,961
Percent of Total Payroll	12.26%	7.03%	7.66%
ADC (after §1-907.02(c) adjustment)	\$ 75,060	\$ 47,835	\$ 50,224

Police and Fire Combined	FY2022	FY2023	FY2024
ADC (before §1-907.02(c) adjustment)	\$ 110,966	\$ 88,309	\$ 93,670
Total Payroll	528,910	512,498	501,375
Percent of Total Payroll	20.98%	17.23%	18.68%
ADC (after §1-907.02(c) adjustment)	\$ 108,965	\$ 77,508	\$ 79,884

Police	FY2022	FY2023	FY2024
ADC (before §1-907.02(c) adjustment)	\$ 68,786	\$ 61,338	\$ 65,713
Total Payroll	350,779	333,307	325,927
Percent of Total Payroll	19.61%	18.40%	20.16%
ADC (after §1-907.02(c) adjustment)	\$ 68,035	\$ 53,909	\$ 56,190

Fire	FY2022	FY2023	FY2024
ADC (before §1-907.02(c) adjustment)	\$ 42,180	\$ 26,971	\$ 27,957
Total Payroll	178,131	179,191	175,448
Percent of Total Payroll	23.68%	15.05%	15.93%
ADC (after §1-907.02(c) adjustment)	\$ 40,931	\$ 23,599	\$ 23,693



Section I. Executive Summary

The tables below compare the actuarial accrued liabilities of the plans and the assets of the plans for the current and prior valuation dates. In addition the liabilities are compared to the assets to determine the funded ratios of the plans.

Funding Measures – Teachers

Teachers	10/1/2021	10/1/2022	Percent Change
1. Actuarial Accrued Liability			
a. Active	\$ 1,362,322	\$ 1,396,967	2.54%
b. Retirees and Beneficiaries	1,132,341	1,235,162	9.08%
c. Inactive with Deferred Benefits	203,955	239,440	17.40%
d. Total	\$ 2,698,618	\$ 2,871,570	6.41%
2. Actuarial Value of Assets	\$ 2,684,368	\$ 2,838,193	5.73%
3. Plan Funded Ratio (2. / 1.d.)	99.47%	98.84%	
4. Market Value of Assets	\$ 2,934,307	\$ 2,573,334	(12.30%)
5. Funded Ratio based on Market Value of Assets (4. / 1.d.)	108.73%	89.61%	

(\$ in Thousands)

Funding Measures – Police and Fire

Police and Fire	10/1/2021	10/1/2022	Percent Change
1. Actuarial Accrued Liability			
a. Active	\$ 3,075,255	\$ 2,932,991	(4.63%)
b. Retirees and Beneficiaries	3,021,846	3,608,693	19.42%
c. Inactive with Deferred Benefits	84,513	97,440	15.30%
d. Total	\$ 6,181,614	\$ 6,639,124	7.40%
2. Actuarial Value of Assets	\$ 7,290,173	\$ 7,612,268	4.42%
3. Plan Funded Ratio (2. / 1.d.)	117.93%	114.66%	
4. Market Value of Assets	\$ 7,963,277	\$ 6,901,545	(13.33%)
5. Funded Ratio based on Market Value of Assets (4. / 1.d.)	128.82%	103.95%	

(\$ in Thousands)



Funding Measures – Police

Police	10/1/2021	10/1/2022	Percent Change
1. Actuarial Accrued Liability			
a. Active	\$ 1,993,751	\$ 1,911,590	(4.12%)
b. Retirees and Beneficiaries	2,272,411	2,663,456	17.21%
c. Inactive with Deferred Benefits	66,095	71,879	8.75%
d. Total	\$ 4,332,257	\$ 4,646,924	7.26%
2. Actuarial Value of Assets	\$ 5,015,377	\$ 5,220,802	4.10%
3. Plan Funded Ratio (2. / 1.d.)	115.77%	112.35%	
4. Market Value of Assets	\$ 5,478,977	\$ 4,733,562	(13.61%)
5. Funded Ratio based on Market Value of Assets (4. / 1.d.)	126.47%	101.86%	

(\$ in Thousands)

Funding Measures – Fire

Fire	10/1/2021	10/1/2022	Percent Change
1. Actuarial Accrued Liability			
a. Active	\$ 1,081,504	\$ 1,021,401	(5.56%)
b. Retirees and Beneficiaries	749,435	945,238	26.13%
c. Inactive with Deferred Benefits	18,418	25,561	38.78%
d. Total	\$ 1,849,357	\$ 1,992,199	7.72%
2. Actuarial Value of Assets	\$ 2,274,795	\$ 2,391,466	5.13%
3. Plan Funded Ratio (2. / 1.d.)	123.00%	120.04%	
4. Market Value of Assets	\$ 2,484,300	\$ 2,167,983	(12.73%)
5. Funded Ratio based on Market Value of Assets (4. / 1.d.)	134.33%	108.82%	

(\$ in Thousands)



Risk Measures

Actuarial Standard of Practice No. 51 concerning pension plan risk is now in effect. Appendix 3 contains important information about various risks common to most public pension plans. Because the information is too lengthy to include in this summary, we strongly recommend reviewing the Appendix and considering whether further risk assessments are necessary.

Generally, the risk that a plan sponsor incurs from a defined benefit plan is primarily the risk of substantial increases in annual contributions. These increases occur most frequently due to variation in the investment returns. This valuation reflects the smoothing of asset returns, which reduces the risk of wide year-by-year contribution changes but does not ultimately reduce the risk inherent in a defined benefit plan. The following table shows four commonly used measures of the relative riskiness of a pension plan that are related to the plan sponsor and the employee group covered by the plan.

Teachers				Conservative
Risk Measure	10/1/2020	10/1/2021	10/1/2022	Measures
Retiree Liability as a Percent of Total Liability	42%	42%	43%	<50%
Assets to Payroll (Asset Volatility Ratio)	4.4	4.9	4.2	<5
Liabilities to Payroll (Liability Volatility Ratio)	4.8	4.5	4.7	<5
Benefit Payments to Contributions	0.9	0.8	0.8	<3

Police and Fire				Conservative
Risk Measure	10/1/2020	10/1/2021	10/1/2022	Measures
Retiree Liability as a Percent of Total Liability	47%	49%	54%	<50%
Assets to Payroll (Asset Volatility Ratio)	13.0	16.2	14.3	<5
Liabilities to Payroll (Liability Volatility Ratio)	11.9	12.5	13.8	<5
Benefit Payments to Contributions	1.1	1.1	1.2	<3



Experience Analysis

The following factors affected the District's contribution, as a percentage of payroll:

- Investment returns during FY2022 were about \$573.1 million lower than expected for Teachers and \$1,540.4 million lower than expected for Police and Fire. A portion of that loss is reflected in this valuation, with the remaining portions to be reflected in future valuations. The loss was offset by the continued recognition of prior investment gains and losses. There is a total of \$264.9 million in net deferred investment losses for Teachers and \$710.7 million in net deferred investments losses for Police and Fire as of October 1, 2022 that will be reflected in future valuations. These deferrals produce an overall experience loss on investment income.
- Retiree COLAs in FY2022 were more than the assumed annual increases.
- The average participant pay increased/decreased by 1.4% for Teachers, 0.3% for Police, and (0.8%) for Fire.
- Total participant payroll amount changed by 2.0% for Teachers and (2.2%) for Police and Fire over the prior year; the assumption is 4.0% growth per year.

Changes in Method, Assumptions, and Plan Amendments

The Post-Retirement Cost of Living Adjustment (COLA) assumption was changed from 3.0% per year for all members to 3.25% per year for members hired prior to November 10, 1996 and 2.75% per year for members hired on or after November 10, 1996.

The mortality improvement assumption was updated from MP-2020 to MP-2021. This assumption is updated annually to reflect the most recent improvements in mortality.

There were no plan provision changes, other than an update to the child survivor benefits which are annually adjusted for inflation. Method and assumption changes are further explained in Section VI.

Impact of COVID-19

Because the long-term net impact of COVID-19 on mortality, salary increases, and changes in turnover and retirement behavior is not possible to estimate at this time, we have made no adjustments to any of the assumptions.

Sources of Information

Membership data as of July 1, 2022, and market value of assets as of October 1, 2022 were provided by or at the direction of the District of Columbia Retirement Board. While we have reviewed this data for consistency and completeness, we have not audited this data. For valuation purposes, members were treated as remaining in the Plans as of October 1, 2022.



Section II. Actuarial Certification

This actuarial valuation sets forth our calculation of an estimate of the liabilities of the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan, together with a comparison of these liabilities with the value of the plan assets, as submitted by the District of Columbia Retirement Board (the Board). These calculations, and comparisons with assets, are applicable for the valuation date only. The future is uncertain, and the Plans may become better funded or more poorly funded in the future. This valuation does not provide any guarantee that the Plans will be able to provide the promised benefits in the future.

This report was prepared for the internal use of the Board and its auditors in connection with our actuarial valuations of the pension plan. The purpose of this report is to provide the recommended employer contribution for the 2024 fiscal year. It is neither intended nor necessarily suitable for other purposes. Bolton is not responsible for the consequences of any other use or the reliance upon this report by any other party.

This report is based on plan provisions, census data, and asset data submitted by the Board. We have relied on this information for purposes of preparing this report. We have not audited the census or asset data provided, however based on our review the data appears to be reasonable and consistent with previously provided information. Unless otherwise noted in our report, we believe the information provided is sufficiently complete and reliable for purposes of the results presented in this report. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information. The Board is solely responsible for the validity and completeness of this information.

The Board is responsible for selecting the plan's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods and assumptions used in this valuation are those that have been so prescribed and are described in this report. The Board is solely responsible for communicating to Bolton any changes required thereto.

The Board is solely responsible for selecting the plan's investment policies, asset allocations and individual investments. Bolton's actuaries have not provided any investment advice to the Board.

This is a deterministic valuation in that it is based on a single set of assumptions. This set of assumptions is one possible basis for our calculations. We may consider that some factors are not material to the valuation of the plan and may not provide a specific assumption for those factors. We may have used other assumptions in the past. We will likely consider changes in assumptions at a future date.

Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. As a result of the uncertainty inherent in a forward-looking projection over a very long period of time, no one projection is uniquely "correct" and many alternative projections of the future could also be regarded as reasonable. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future.

The Board could reasonably ask how the valuation would change if we used a different assumption set or if plan experience exhibited variations from our assumptions. This report does not contain such an analysis. That type of analysis would be a separate assignment.



In addition, decisions regarding benefit improvements, benefit changes, the trust's investment policy, and similar issues should not be based on this valuation. These issues are complex and other factors should be considered when making such decisions. Other factors might include the anticipated vitality of the local economy and future growth expectations, as well as other economic and financial factors.

The cost of this plan is determined by the benefits promised by the plan, the plan's participant population, the investment experience of the plan and many other factors. An actuarial valuation is a budgeting tool for the Board. It does not affect the cost of the plan. Different funding methods provide for different timing of contributions to the plan. As the experience of the plan evolves, it is normal for the level of contributions to the plan to change. If a contribution is not made for a particular year, either by deliberate choice or because of an error in a calculation, that contribution can be made in later years. We are not responsible for the consequences of any decision by the Board to make contributions at a future time rather than an earlier time. The Board is responsible for funding the cost of the plan.

The report is conditioned on the assumption of an ongoing plan and is not meant to present the actuarial position of the plan in the case of plan termination. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions or applicable law.

The valuation was completed using both proprietary and third-party models (including software and tools). We have tested these models to ensure they are used for their intended purposes, within their known limitations, and without any known material inconsistencies unless otherwise stated.

The calculations in this report have been computed in accordance with our understanding of generally accepted actuarial principles and practices and fairly reflect the actuarial position of the plan. The various actuarial assumptions and methods which have been used are, in our opinion, appropriate for the purposes of this report.

We make every effort to ensure that our calculations are accurately performed. We reserve the right to correct any potential errors by amending the results of this report or by including the corrections in a future valuation report.

Bolton does not practice law and, therefore, cannot and does not provide legal advice. Any statutory interpretation on which this report is based reflects Bolton's understanding as an actuarial firm. Bolton recommends that recipients of this report consult with legal counsel when making any decisions regarding compliance with ERISA, the Internal Revenue Code, or any other statute or regulation.

The Board should notify Bolton promptly after receipt of this report if the Board disagrees with anything contained in the report or is aware of any information that would affect the results of the report that has not been communicated to Bolton or incorporated herein. The report will be deemed final and acceptable to the Board unless the Board promptly provides such notice to Bolton.



The undersigned credentialed actuaries meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are not aware of any direct or material indirect financial interest or relationship, including investments or other services, which could create a conflict of interest that would impair the objectivity of our work.

We are available to answer any questions on the material in this report to provide explanations or further details as appropriate.

A handwritten signature in black ink that reads "Thomas Vicente".

Thomas Vicente, FSA, EA

A handwritten signature in black ink that reads "Ann M. Sturner".

Ann M. Sturner, FSA, EA

A handwritten signature in black ink that reads "Colin Slovenkay".

Colin Slovenkay, FSA, EA



Section III. Determination of District Contributions

Derivation of Liabilities – Teachers

Below is a summary of the actuarial accrued liability of the future benefits expected to be paid from the Plan.

Teachers	10/1/2021	10/1/2022
1. Participants		
a. Active	6,050	6,088
b. Retirees and Beneficiaries	4,072	4,065
i. Service Retirements	3,775	3,762
ii. Disability Retirements	107	102
iii. Survivors	190	201
c. Inactive with Deferred Benefits	1,514	1,718
d. Total	11,636	11,871
2. Active Payroll	\$ 600,481	\$ 612,463
3. Actuarial Accrued Liability		
a. Active Participants	\$ 1,362,322	\$ 1,396,967
b. Retirees and Beneficiaries	1,132,341	1,235,162
i. Service Retirements	1,078,876	1,178,659
ii. Disability Retirements	33,557	34,459
iii. Survivors	19,909	22,044
c. Inactive with Deferred Benefits	203,955	239,440
d. Total	2,698,618	2,871,570
4. Actuarial Value of Assets	\$ 2,684,368	\$ 2,838,193
5. Unfunded Actuarial Liability (3.d.- 4.)	14,250	33,376
6. Funded Ratio (4. ÷ 3.d.)	99.47%	98.84%

(\$ in Thousands)



Derivation of Liabilities – Police and Fire

Below is a summary of the actuarial accrued liability of the future benefits expected to be paid from the Plan.

Police and Fire	10/1/2021	10/1/2022
1. Participants		
a. Active	5,242	5,133
b. Retirees and Beneficiaries	4,115	4,373
i. Service Retirements	3,119	3,331
ii. Disability Retirements	430	436
iii. Survivors	566	606
c. Inactive with Deferred Benefits	342	356
d. Total	9,699	9,862
2. Active Payroll	\$ 492,787	\$ 482,092
3. Actuarial Accrued Liability		
a. Active Participants	\$ 3,075,255	\$ 2,932,991
b. Retirees and Beneficiaries	3,021,846	3,608,693
i. Service Retirements	2,589,147	3,140,881
ii. Disability Retirements	247,985	263,258
iii. Survivors	184,714	204,554
c. Inactive with Deferred Benefits	84,513	97,440
d. Total	6,181,614	6,639,124
4. Actuarial Value of Assets	\$ 7,290,173	\$ 7,612,268
5. Unfunded Actuarial Liability (3.d.- 4.)	(1,108,559)	(973,145)
6. Funded Ratio (4. ÷ 3.d.)	117.93%	114.66%

(\$ in Thousands)



Derivation of Liabilities – Police

Below is a summary of the actuarial accrued liability of the future benefits expected to be paid from the Plan.

Police	10/1/2021	10/1/2022
1. Participants		
a. Active	3,366	3,282
b. Retirees and Beneficiaries	3,095	3,251
i. Service Retirements	2,348	2,478
ii. Disability Retirements	332	335
iii. Survivors	415	438
c. Inactive with Deferred Benefits	252	258
d. Total	6,713	6,791
2. Active Payroll	\$ 320,487	\$ 313,391
3. Actuarial Accrued Liability		
a. Active Participants	\$ 1,993,751	\$ 1,911,590
b. Retirees and Beneficiaries	2,272,411	2,663,456
i. Service Retirements	1,958,280	2,326,257
ii. Disability Retirements	190,161	201,655
iii. Survivors	123,970	135,544
c. Inactive with Deferred Benefits	66,095	71,879
d. Total	4,332,257	4,646,924
4. Actuarial Value of Assets	\$ 5,015,377	\$ 5,220,802
5. Unfunded Actuarial Liability (3.d.- 4.)	(683,120)	(573,878)
6. Funded Ratio (4. ÷ 3.d.)	115.77%	112.35%

(\$ in Thousands)



Derivation of Liabilities – Fire

Below is a summary of the actuarial accrued liability of the future benefits expected to be paid from the Plan.

Fire	10/1/2021	10/1/2022
1. Participants		
a. Active	1,876	1,851
b. Retirees and Beneficiaries	1,020	1,122
i. Service Retirements	771	853
ii. Disability Retirements	98	101
iii. Survivors	151	168
c. Inactive with Deferred Benefits	90	98
d. Total	2,986	3,071
2. Active Payroll	\$ 172,299	\$ 168,700
3. Actuarial Accrued Liability		
a. Active Participants	\$ 1,081,504	\$ 1,021,401
b. Retirees and Beneficiaries	749,435	945,238
i. Service Retirements	630,867	814,624
ii. Disability Retirements	57,824	61,604
iii. Survivors	60,744	69,010
c. Inactive with Deferred Benefits	18,418	25,561
d. Total	1,849,357	1,992,199
4. Actuarial Value of Assets	\$ 2,274,795	\$ 2,391,466
5. Unfunded Actuarial Liability (3.d.- 4.)	(425,438)	(399,267)
6. Funded Ratio (4. ÷ 3.d.)	123.00%	120.04%

(\$ in Thousands)



Experience Gain/(Loss) and Projection of Unfunded Liability – Teachers

The experience gain/(loss) from October 1, 2021 to October 1, 2022 and projection of the unfunded actuarial liability from October 1, 2022 to October 1, 2023, the beginning of the fiscal year, is shown below. Please see Appendix 5 for a detailed breakdown of gain/(loss) sources.

Experience Gain/(Loss) - Teachers		10/1/2022
1. Unfunded Liability as of 10/01/2021	\$	14,250
2. Total FY2022 Normal Cost		83,451
3. Actual FY2022 Expenses		4,416
4. Total FY2022 Actual Contributions		121,974
5. Interest		2,488
6. Expected Unfunded Liability as of 10/01/2022		(17,369)
7. Change due to Plan Amendments		0
8. Change due to Assumptions and/or Methods		(10,364)
9. Expected Unfunded Liability as of 10/01/2022		(27,733)
10. Actual Unfunded Liability as of 10/01/2022		33,376
11. Gain/(Loss)		(61,109)
12. Actuarial Accrued Liability at 10/01/2021	\$	2,698,618
13. Gain/(Loss) as a percent of Actuarial Accrued Liability		(2.26%)

Projected Unfunded Liability - Teachers		
1. Actual Unfunded Liability as of 10/01/2022	\$	33,376
2. Total Normal Cost FY2023		85,056
3. Expected District and Employee Contributions FY2023		96,076
4. Expected Expenses FY2023		7,328
5. Interest		4,671
6. Projected Unfunded Liability as of 10/1/2023	\$	34,356

(\$ in Thousands)



Experience Gain/(Loss) and Projection of Unfunded Liability – Police

The experience gain/(loss) from October 1, 2021 to October 1, 2022 and projection of the unfunded actuarial liability from October 1, 2022 to October 1, 2023, the beginning of the fiscal year, is shown below. Please see Appendix 5 for a detailed breakdown of gain/(loss) sources.

Experience Gain/(Loss) - Police		10/1/2022
1. Unfunded Liability as of 10/01/2021	\$	(683,120)
2. Total FY2022 Normal Cost		125,010
3. Actual FY2022 Expenses		8,130
4. Total FY2022 Actual Contributions		92,219
5. Interest		(37,470)
6. Expected Unfunded Liability as of 10/01/2022		(679,669)
7. Change due to Plan Amendments		0
8. Change due to Assumptions and/or Methods		14,941
9. Expected Unfunded Liability as of 10/01/2022		(664,727)
10. Actual Unfunded Liability as of 10/01/2022		(573,878)
11. Gain/(Loss)		(90,850)
12. Actuarial Accrued Liability at 10/01/2021	\$	4,332,257
13. Gain/(Loss) as a percent of Actuarial Accrued Liability		(2.10%)

Projected Unfunded Liability - Police		
1. Actual Unfunded Liability as of 10/01/2022	\$	(573,878)
2. Total Normal Cost FY2023		120,079
3. Expected District and Employee Contributions FY2023		78,738
4. Expected Expenses FY2023		6,600
5. Interest		(30,583)
6. Projected Unfunded Liability as of 10/1/2023	\$	(556,520)

(\$ in Thousands)



Experience Gain/(Loss) and Projection of Unfunded Liability – Fire

The experience gain/(loss) from October 1, 2021 to October 1, 2022 and projection of the unfunded actuarial liability from October 1, 2022 to October 1, 2023, the beginning of the fiscal year, is shown below. Please see Appendix 5 for a detailed breakdown of gain/(loss) sources.

Experience Gain/(Loss) - Fire		10/1/2022
1. Unfunded Liability as of 10/01/2021	\$	(425,438)
2. Total FY2022 Normal Cost		66,123
3. Actual FY2022 Expenses		3,723
4. Total FY2022 Actual Contributions		53,743
5. Interest		(23,997)
6. Expected Unfunded Liability as of 10/01/2022		(433,331)
7. Change due to Plan Amendments		0
8. Change due to Assumptions and/or Methods		1,277
9. Expected Unfunded Liability as of 10/01/2022		(432,054)
10. Actual Unfunded Liability as of 10/01/2022		(399,267)
11. Gain/(Loss)		(32,787)
12. Actuarial Accrued Liability at 10/01/2021	\$	1,849,357
13. Gain/(Loss) as a percent of Actuarial Accrued Liability		(1.77%)

Projected Unfunded Liability - Fire		
1. Actual Unfunded Liability as of 10/01/2022	\$	(399,267)
2. Total Normal Cost FY2023		63,846
3. Expected District and Employee Contributions FY2023		36,755
4. Expected Expenses FY2023		3,497
5. Interest		(21,987)
6. Projected Unfunded Liability as of 10/1/2023	\$	(390,666)

(\$ in Thousands)



Development of District Contributions – Teachers

The breakdown of the Actuarially Determined Contribution into normal cost, amortization payment, expected administrative expenses, and D.C. Code §1-907.02(c) Adjustment is illustrated below. The calculation of the D.C. Code §1-907.02(c) Adjustment is detailed in Appendix 4.

Teachers Actuarially Determined Contribution (ADC)		FY2024	Percentage of FY2024 Payroll
1.	Total Normal Cost as of October 1, 2022	\$ 85,056	N/A
2.	Projected Total Normal Cost as of October 1, 2023 (1. x 1.04)	88,474	13.89%
3.	Expected Member Contributions	50,320	7.90%
4.	Employer Normal Cost (2. - 3.)	38,154	5.99%
5.	Expenses	7,644	1.20%
6.	Amortization Payment	2,965	0.47%
7.	Actuarially Determined Contribution (ADC) (4. + 5. + 6.)	48,763	7.66%
8.	D.C. Code §1-907.02(c) Adjustment to FY2024 Payment	1,461	N/A
9.	Fiscal Year District Payment	\$ 50,224	N/A

Projected Payroll			
1.	Active Member June 30, 2022 Payroll	\$	578,701
2.	Expected FY2023 Payroll (1. increased with one year of salary scale)		612,463
3.	Projected FY2024 Payroll (2. x 1.04)	\$	636,961

(\$ in Thousands)



Development of District Contributions – Police and Fire

The breakdown of the Actuarially Determined Contribution into normal cost, amortization payment, expected administrative expenses, and D.C. Code §1-907.02(c) Adjustment is illustrated below. The calculation of the D.C. Code §1-907.02(c) Adjustment is detailed in Appendix 4.

Police and Fire Actuarially Determined Contribution (ADC)	FY2024	Percentage of FY2024 Payroll
1. Total Normal Cost as of October 1, 2022	\$ 183,924	N/A
2. Projected Total Normal Cost as of October 1, 2023 (1. x 1.04)	191,302	38.15%
3. Expected Member Contributions	39,608	7.90%
4. Employer Normal Cost (2. - 3.)	151,694	30.25%
5. Expenses	10,528	2.10%
6. Amortization Payment	(68,553)	(13.67%)
7. Actuarially Determined Contribution (ADC) (4. + 5. + 6.)	93,670	18.68%
8. D.C. Code §1-907.02(c) Adjustment to FY2024 Payment	(13,786)	N/A
9. Fiscal Year District Payment	\$ 79,884	N/A

Projected Payroll		
1. Active Member June 30, 2022 Payroll	\$	453,584
2. Expected FY2023 Payroll (1. increased with one year of salary scale)		482,092
3. Projected FY2024 Payroll (2. x 1.04)	\$	501,375

(\$ in Thousands)



Development of District Contributions – Police

The breakdown of the Actuarially Determined Contribution into normal cost, amortization payment, expected administrative expenses, and D.C. Code §1-907.02(c) Adjustment is illustrated below. The calculation of the D.C. Code §1-907.02(c) Adjustment is detailed in Appendix 4.

Police Actuarially Determined Contribution (ADC)	FY2024	Percentage of FY2024 Payroll
1. Total Normal Cost as of October 1, 2022	\$ 120,079	N/A
2. Projected Total Normal Cost as of October 1, 2023 (1. x 1.04)	124,895	38.32%
3. Expected Member Contributions	25,748	7.90%
4. Employer Normal Cost (2. - 3.)	99,147	30.42%
5. Expenses	6,844	2.10%
6. Amortization Payment	(40,278)	(12.36%)
7. Actuarially Determined Contribution (ADC) (4. + 5. + 6.)	65,713	20.16%
8. D.C. Code §1-907.02(c) Adjustment to FY2024 Payment	(9,523)	N/A
9. Fiscal Year District Payment	\$ 56,190	N/A

Projected Payroll			
1. Active Member June 30, 2022 Payroll		\$	293,999
2. Expected FY2023 Payroll (1. increased with one year of salary scale)			313,391
3. Projected FY2024 Payroll (2. x 1.04)		\$	325,927

(\$ in Thousands)



Development of District Contributions – Fire

The breakdown of the Actuarially Determined Contribution into normal cost, amortization payment, expected administrative expenses, and D.C. Code §1-907.02(c) Adjustment is illustrated below. The calculation of the D.C. Code §1-907.02(c) Adjustment is detailed in Appendix 4.

Fire Actuarially Determined Contribution (ADC)	FY2024	Percentage of FY2024 Payroll
1. Total Normal Cost as of October 1, 2022	\$ 63,846	N/A
2. Projected Total Normal Cost as of October 1, 2023 (1. x 1.04)	66,407	37.85%
3. Expected Member Contributions	13,860	7.90%
4. Employer Normal Cost (2. - 3.)	52,547	29.95%
5. Expenses	3,684	2.10%
6. Amortization Payment	(28,275)	(16.12%)
7. Actuarially Determined Contribution (ADC) (4. + 5. + 6.)	27,957	15.93%
8. D.C. Code §1-907.02(c) Adjustment to FY2024 Payment	(4,264)	N/A
9. Fiscal Year District Payment	\$ 23,693	N/A

Projected Payroll		
1. Active Member June 30, 2022 Payroll	\$	159,586
2. Expected FY2023 Payroll (1. increased with one year of salary scale)		168,700
3. Projected FY2024 Payroll (2. x 1.04)	\$	175,448

(\$ in Thousands)



Schedule of Amortization Bases

Below is a schedule of the amortization bases as of October 1, 2023.

Teachers Description	Date Established	Remaining Years	Amount to be Amortized	Payment / (Credit)
Actuarial (Gain)/Loss	10/1/2023	20	34,356	2,965
Totals			\$ 34,356	\$ 2,965

Police Description	Date Established	Remaining Years	Amount to be Amortized	Payment / (Credit)
Surplus	10/1/2023	30	(556,520)	(40,278)
Totals			\$ (556,520)	\$ (40,278)

Fire Description	Date Established	Remaining Years	Amount to be Amortized	Payment / (Credit)
Surplus	10/1/2023	30	(390,666)	(28,275)
Totals			\$ (390,666)	\$ (28,275)

(\$ in Thousands)

Bases are amortized on a level dollar basis.

The unfunded liability at 10/1/2022 is projected to 10/1/2023 for the amortization of the (gain)/loss and surplus.



Section IV. Valuation of Assets

Reconciliation of Assets – Teachers

Below is a reconciliation of assets from October 1, 2020 through September 30, 2022. An adjustment has been included to account for the difference in market value of assets between the prior year's valuation report and the audited value.

Teachers		FY2021		FY2022
1. Beginning of Year Assets	\$	2,411,390,000	\$	2,934,307,000
2. Adjustments		-		10,577,000
3. Beginning of Year Assets after Adjustments		2,411,390,000		2,944,884,000
4. Receipts				
a. Employer Contributions		70,478,000		75,060,000
b. Employee Contributions		45,689,000		46,914,000
c. Net Investment Income		503,698,000		(388,520,000)
d. Total Receipts	\$	619,865,000	\$	(266,546,000)
5. Deductions				
a. Benefit Payments	\$	(89,404,000)	\$	(95,352,000)
b. Refunds		(3,417,000)		(5,236,000)
c. Administrative Expenses		(4,127,000)		(4,416,000)
d. Total Deductions	\$	(96,948,000)	\$	(105,004,000)
6. Net Increase		522,917,000		(371,550,000)
7. End of Year Assets	\$	2,934,307,000	\$	2,573,334,000
8. Rate of Return		20.81%		-13.16%
(2 x 4.c.) / (1. + 7. – 4.c.)				



Reconciliation of Assets – Police and Fire

Below is a reconciliation of assets from October 1, 2020 through September 30, 2022. An adjustment has been included to account for the difference in market value of assets between the prior year's valuation report and the audited value.

Police and Fire	FY2021	FY2022
1. Beginning of Year Assets	\$ 6,620,190,000	\$ 7,963,277,000
2. Adjustments	-	28,717,000
3. Beginning of Year Assets after Adjustments	6,620,190,000	7,991,994,000
4. Receipts		
a. Employer Contributions	\$ 109,933,000	\$ 108,965,000
b. Employee Contributions	37,433,000	36,997,000
c. Net Investment Income	1,365,804,000	(1,042,397,000)
d. Total Receipts	\$ 1,513,170,000	\$ (896,435,000)
5. Deductions		
a. Benefit Payments	\$ (156,455,000)	\$ (179,984,000)
b. Refunds	(2,420,000)	(2,177,000)
c. Administrative Expenses	(11,208,000)	(11,853,000)
d. Total Deductions	\$ (170,083,000)	\$ (194,014,000)
6. Net Increase	1,343,087,000	(1,090,449,000)
7. End of Year Assets	\$ 7,963,277,000	\$ 6,901,545,000
8. Rate of Return (2 x 4.c.) / (1. + 7. – 4.c.)	20.67%	-13.08%



Reconciliation of Assets – Police

Below is a reconciliation of assets from October 1, 2020 through September 30, 2022. An adjustment has been included to account for the difference in market value of assets between the prior year's valuation report and the audited value.

Police	FY2021	FY2022
1. Beginning of Year Assets	\$ 4,576,807,674	\$ 5,478,977,416
2. Adjustments	-	19,758,172
3. Beginning of Year Assets after Adjustments	4,576,807,674	5,498,735,588
4. Receipts		
a. Employer Contributions	\$ 61,796,000	\$ 68,034,000
b. Employee Contributions	24,410,059	24,184,939
c. Net Investment Income	941,767,242	(716,157,306)
d. Total Receipts	\$ 1,027,973,301	\$ (623,938,367)
5. Deductions		
a. Benefit Payments	\$ (116,293,002)	\$ (131,514,309)
b. Refunds	(1,798,786)	(1,590,734)
c. Administrative Expenses	(7,711,772)	(8,129,743)
d. Total Deductions	\$ (125,803,560)	\$ (141,234,786)
6. Net Increase	902,169,741	(765,173,153)
7. End of Year Assets	\$ 5,478,977,416	\$ 4,733,562,435
8. Rate of Return (2 x 4.c.) / (1. + 7. – 4.c.)	20.67%	-13.08%



Reconciliation of Assets – Fire

Below is a reconciliation of assets from October 1, 2020 through September 30, 2022. An adjustment has been included to account for the difference in market value of assets between the prior year's valuation report and the audited value.

Fire	FY2021	FY2022
1. Beginning of Year Assets	\$ 2,043,382,326	\$ 2,484,299,584
2. Adjustments	-	8,958,828
3. Beginning of Year Assets after Adjustments	2,043,382,326	2,493,258,412
4. Receipts		
a. Employer Contributions	\$ 48,137,000	\$ 40,931,000
b. Employee Contributions	13,022,941	12,812,061
c. Net Investment Income	424,036,758	(326,239,694)
d. Total Receipts	\$ 485,196,699	\$ (272,496,633)
5. Deductions		
a. Benefit Payments	\$ (40,161,999)	\$ (48,469,691)
b. Refunds	(621,214)	(586,266)
c. Administrative Expenses	(3,496,228)	(3,723,257)
d. Total Deductions	\$ (44,279,441)	\$ (52,779,214)
6. Net Increase	440,917,258	(325,275,847)
7. End of Year Assets	\$ 2,484,299,584	\$ 2,167,982,565
8. Rate of Return (2 x 4.c.) / (1. + 7. – 4.c.)	20.67%	-13.08%



Calculation of Actuarial Asset Value – Teachers

The actuarial asset value as of October 1, 2022 is determined by spreading the asset gain or loss for each year over a five-year period. The asset gain or loss is the amount by which the actual asset return differs from the expected asset return.

Teachers		10/1/2022
1.	Market Value of Assets at End of Year	\$ 2,573,334,000
2.	Net investment income	(388,520,000)
3.	Expected Return Rate as of 09/30/2022	6.25%
4.	Expected investment income	184,585,563
5.	Gain/(Loss)	(573,105,563)

Spreading of investment gain/(loss)				
Year	Original or restructured base	% Deferred	Deferred	
FY2022	\$ (573,105,563)	80%	\$	(458,484,450)
FY2021	346,333,033	60%		207,799,820
FY2020	(7,610,383)	40%		(3,044,153)
FY2019	(55,652,385)	20%		(11,130,477)
FY2018	(1,502,690)	0%		-
Total deferred			(264,859,260)	

6.	Preliminary Actuarial Value of Assets	\$ 2,838,193,260
7.	Lower Corridor	2,058,667,200
8.	Upper Corridor	3,088,000,800
9.	Final Actuarial Value of Assets	2,838,193,260

Rate of Return	5.08%
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Calculation of Actuarial Asset Value – Police and Fire

The actuarial asset value as of October 1, 2022 is determined by spreading the asset gain or loss for each year over a five-year period. The asset gain or loss is the amount by which the actual asset return differs from the expected asset return.

Police and Fire			10/1/2022
1.	Market Value of Assets at End of Year	\$	6,901,545,000
2.	Net investment income		(1,042,397,000)
3.	Expected Return Rate as of 09/30/2022		6.25%
4.	Expected investment income		497,998,000
5.	Gain/(Loss)		(1,540,395,000)
Spreading of investment gain/(loss)			
Year	Original or restructured base	% Deferred	Deferred
FY2022	\$ (1,540,395,000)	80%	\$ (1,232,316,000)
FY2021	936,229,953	60%	561,737,972
FY2020	(22,287,348)	40%	(8,914,939)
FY2019	(156,151,165)	20%	(31,230,233)
FY2018	(234,205)	0%	-
Total deferred			(710,723,200)
6.	Preliminary Actuarial Value of Assets	\$	7,612,268,200
7.	Lower Corridor		5,521,236,000
8.	Upper Corridor		8,281,854,000
9.	Final Actuarial Value of Assets		7,612,268,200
Rate of Return			5.09%



Calculation of Actuarial Asset Value – Police

The actuarial asset value as of October 1, 2022 is determined by spreading the asset gain or loss for each year over a five-year period. The asset gain or loss is the amount by which the actual asset return differs from the expected asset return.

Police		10/1/2022
1.	Market Value of Assets at End of Year	\$ 4,733,562,435
2.	Net investment income	(716,157,306)
3.	Expected Return Rate as of 09/30/2022	6.25%
4.	Expected investment income	342,139,229
5.	Gain/(Loss)	(1,058,296,535)

Spreading of investment gain/(loss)				
Year	Original or restructured base	% Deferred	Deferred	
FY2022	\$ (1,058,296,535)	80%	\$	(846,637,228)
FY2021	645,561,662	60%		387,336,997
FY2020	(15,451,823)	40%		(6,180,729)
FY2019	(108,792,993)	20%		(21,758,599)
FY2018	(304,943)	0%		-
Total deferred				(487,239,559)

6.	Preliminary Actuarial Value of Assets	\$ 5,220,801,994
7.	Lower Corridor	3,786,849,948
8.	Upper Corridor	5,680,274,922
9.	Final Actuarial Value of Assets	5,220,801,994

Rate of Return	5.10%
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Calculation of Actuarial Asset Value – Fire

The actuarial asset value as of October 1, 2022 is determined by spreading the asset gain or loss for each year over a five-year period. The asset gain or loss is the amount by which the actual asset return differs from the expected asset return.

Fire		10/1/2022
1.	Market Value of Assets at End of Year	\$ 2,167,982,565
2.	Net investment income	(326,239,694)
3.	Expected Return Rate as of 09/30/2022	6.25%
4.	Expected investment income	155,858,771
5.	Gain/(Loss)	(482,098,465)

Spreading of investment gain/(loss)				
Year	Original or restructured base	% Deferred	Deferred	
FY2022	\$ (482,098,465)	80%	\$	(385,678,772)
FY2021	290,668,291	60%		174,400,975
FY2020	(6,835,525)	40%		(2,734,210)
FY2019	(47,358,172)	20%		(9,471,634)
FY2018	70,738	0%		-
Total deferred				(223,483,641)

6.	Preliminary Actuarial Value of Assets	\$ 2,391,466,206
7.	Lower Corridor	1,734,386,052
8.	Upper Corridor	2,601,579,078
9.	Final Actuarial Value of Assets	2,391,466,206

Rate of Return	5.09%
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Section V. Participant Information

Participant Summary

The following table summarizes the counts, ages and benefit information for Plan participants used in this valuation.

	Teachers	Police Officers	Firefighters	Total
1. Active				
a. Number	6,088	3,282	1,851	11,221
b. Average Age	41.5	39.9	39.6	40.7
c. Average Service	8.6	12.6	13.3	10.6
d. Average Salary	\$ 100,602	\$ 95,488	\$ 91,140	\$ 97,545
2. Vested Terminations				
a. Number	1,718	258	98	2,074
b. Average Age	49.2	44.2	44.5	48.4
c. Total Annual Benefits	\$ 25,118,757	\$ 5,222,454	\$ 1,905,622	\$ 32,246,833
3. Service Retired, Disabled and Beneficiaries (Receiving District Benefits)				
a. Number	4,065	3,251	1,122	8,438
b. Average Age	74.6	60.9	62.1	67.6
c. Total Annual Benefits	\$ 96,685,997	\$ 138,876,236	\$ 51,278,826	\$ 286,841,059

The following table summarizes all retiree member data and is provided for informational purposes only. The benefits are the total benefits for all members who were employed by the District and include both those that are the District's responsibility and those that are the responsibility of the U.S. Department of the Treasury. The liabilities for benefits that are the responsibility of the U.S. Department of the Treasury are not included in this actuarial valuation.

	Teachers	Police Officers	Firefighters	Total
Service Retired, Disabled and Beneficiaries (Receiving District and/or Federal Benefits)				
a. Number	5,472	6,506	2,102	14,080
b. Average Age	77.6	69.3	70.8	72.8
c. Total Annual Benefits	\$ 283,244,232	\$ 401,093,248	\$ 145,232,990	\$ 829,570,469



Active Age/Service Distribution Including Compensation – Teachers

Shown below is the distribution of active participants based on age and service. The compensation shown is the average of estimated FY2023 pay (pay rate provided as of June 30, 2022 increased with salary scale for one year).

Age	Years of Service as of 10/01/2022										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	
Under 25	6	89	0	0	0	0	0	0	0	0	95
	59,899	61,068	0	0	0	0	0	0	0	0	60,995
25 - 29	24	494	112	2	0	0	0	0	0	0	632
	67,108	69,635	80,389	69,878	0	0	0	0	0	0	71,446
30 - 34	27	510	484	122	1	0	0	0	0	0	1,144
	74,514	83,346	95,348	104,933	112,459	0	0	0	0	0	90,543
35 - 39	19	350	494	264	52	1	0	0	0	0	1,180
	82,886	92,584	105,136	111,027	110,111	92,424	0	0	0	0	102,581
40 - 44	16	261	346	225	122	25	0	0	0	0	995
	79,503	95,747	112,158	115,820	116,402	127,122	0	0	0	0	109,052
45 - 49	9	137	237	169	90	105	12	0	0	0	759
	88,367	97,351	111,826	117,209	117,823	120,235	122,163	0	0	0	112,171
50 - 54	7	97	141	97	61	107	62	14	0	0	586
	90,574	95,298	108,727	113,814	112,381	119,704	118,640	132,683	0	0	111,135
55 - 59	6	58	70	59	36	39	36	30	5	0	339
	95,967	93,836	112,036	114,682	115,703	118,086	118,963	121,812	119,769	0	111,898
60 - 64	3	25	23	26	35	33	25	15	17	1	203
	71,074	100,651	108,868	104,215	113,091	117,455	110,902	120,638	122,388	121,064	111,138
65 - 69	0	15	20	15	11	13	11	12	14	5	116
	0	92,545	109,111	115,910	122,956	113,852	123,900	122,984	120,605	112,833	114,078
70 & Up	1	7	3	3	3	5	4	7	4	2	39
	95,632	93,083	105,631	107,044	106,390	113,208	115,655	134,853	117,631	121,065	112,556
Totals	118	2,043	1,930	982	411	328	150	78	40	8	6,088
	77,480	84,344	103,925	112,725	115,070	119,607	118,016	124,888	120,961	115,920	100,602

Averages	
Age	41.5
Service	8.6



Active Age/Service Distribution Including Compensation – Police

Shown below is the distribution of active participants based on age and service. The compensation shown is the average of estimated FY2023 pay (pay rate provided as of June 30, 2022 increased with salary scale for one year).

Age	Years of Service as of 10/01/2022										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	
Under 25	26	85	5	0	0	0	0	0	0	0	116
	65,557	70,377	72,185	0	0	0	0	0	0	0	69,375
25 - 29	58	288	129	3	0	0	0	0	0	0	478
	65,557	75,889	80,174	84,682	0	0	0	0	0	0	75,847
30 - 34	20	157	326	47	5	0	0	0	0	0	555
	65,557	76,176	84,205	90,383	91,267	0	0	0	0	0	81,849
35 - 39	11	71	174	212	111	0	0	0	0	0	579
	65,557	76,114	84,634	95,073	102,514	0	0	0	0	0	90,477
40 - 44	1	20	62	94	270	56	0	0	0	0	503
	65,557	75,887	86,256	95,221	107,172	121,235	0	0	0	0	102,599
45 - 49	3	13	23	33	131	213	70	0	0	0	486
	65,557	77,213	84,385	96,296	105,405	120,781	125,640	0	0	0	112,445
50 - 54	3	5	9	23	86	152	65	21	0	0	364
	65,557	77,482	91,434	101,105	104,646	118,652	128,215	128,410	0	0	114,828
55 - 59	2	2	4	7	31	65	15	33	1	0	160
	65,557	87,315	83,377	91,351	106,478	115,293	126,311	132,654	141,630	0	115,547
60 - 64	0	1	1	4	5	17	3	5	4	1	41
	0	77,149	111,821	97,828	99,908	113,721	139,299	122,623	143,455	118,488	115,522
65 - 69	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Totals	124	642	733	423	639	503	153	59	5	1	3,282
	65,557	75,331	83,817	94,899	105,446	119,240	127,067	130,293	143,090	118,488	95,488

Averages	
Age	39.9
Service	12.6



Active Age/Service Distribution Including Compensation – Fire

Shown below is the distribution of active participants based on age and service. The compensation shown is the average of estimated FY2023 pay (pay rate provided as of June 30, 2022 increased with salary scale for one year).

Age	Years of Service as of 10/01/2022										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Up	
Under 25	11	61	2	0	0	0	0	0	0	0	74
	61,224	62,164	64,197	0	0	0	0	0	0	0	62,079
25 - 29	29	120	108	12	0	0	0	0	0	0	269
	60,159	66,538	74,061	77,790	0	0	0	0	0	0	69,373
30 - 34	27	105	104	36	1	0	0	0	0	0	273
	59,992	68,154	75,809	80,482	70,861	0	0	0	0	0	71,899
35 - 39	7	49	67	103	166	3	0	0	0	0	395
	58,057	68,010	78,099	92,279	99,506	93,016	0	0	0	0	89,300
40 - 44	4	16	14	68	166	30	2	0	0	0	300
	60,234	67,845	79,105	93,058	103,111	115,733	131,336	0	0	0	98,710
45 - 49	1	3	4	14	103	80	23	11	0	0	239
	58,057	76,616	74,120	90,181	98,240	119,590	121,666	130,691	0	0	107,819
50 - 54	0	0	4	2	31	96	37	32	0	0	202
	0	0	77,767	90,650	102,363	109,020	122,661	135,284	0	0	113,857
55 - 59	0	0	1	0	5	21	26	15	2	0	70
	0	0	70,035	0	106,596	99,558	120,469	167,530	186,913	0	124,467
60 - 64	0	0	0	0	0	6	8	8	5	0	27
	0	0	0	0	0	94,998	117,865	136,120	128,002	0	120,070
65 - 69	0	0	0	0	0	1	0	1	0	0	2
	0	0	0	0	0	106,022	0	102,135	0	0	104,079
70 & Up	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Totals	79	354	304	235	472	237	96	67	7	0	1,851
	60,041	66,612	75,753	89,819	100,700	112,029	121,610	141,354	144,834	0	91,140

Averages	
Age	39.6
Service	13.3



Participant Reconciliation – Teachers

Shown below is the reconciliation of participants between the prior and current valuation date.

Teachers	Active Participants	Inactive Participants				Total
		Retirees	Disabled Retirees	Beneficiaries	Vested Terms	
Participants in Last Valuation	6,050	3,775	107	190	1,514	11,636
Death	(1)	(94)	(6)	(7)	0	(108)
Disabled	(1)	0	1	0	0	0
Retired	(75)	85	0	0	(10)	0
Vested Termination	(296)	0	0	0	296	0
Nonvested Termination	(380)	0	0	0	0	(380)
Return of Contributions/Benefits Ended	(113)	(10)	0	(1)	(33)	(157)
New Actives	872	0	0	0	0	872
Rehire from Vested Term	32	0	0	0	(32)	0
Rehire from Nonvested Term	0	0	0	0	0	0
New Beneficiaries	0	0	0	19	0	19
Data Adjustment	0	6	0	0	(17)	(11)
Participants in This Valuation	6,088	3,762	102	201	1,718	11,871

In addition, there are 1,021 participants who are non-vested and due a refund of employee contributions.



Participant Reconciliation – Police

Shown below is the reconciliation of participants between the prior and current valuation date.

Police	Active Participants	Inactive Participants				Total
		Retirees	Disabled Retirees	Beneficiaries	Vested Terms	
Participants in Last Valuation	3,366	2,348	332	415	252	6,713
Death	(6)	(17)	(8)	(7)	0	(38)
Disabled	(11)	0	11	0	0	0
Retired	(124)	142	0	0	(18)	0
Vested Termination	(59)	0	0	0	59	0
Nonvested Termination	(62)	0	0	0	0	(62)
Return of Contributions/Benefits Ended	(32)	0	0	(10)	(21)	(63)
New Actives	202	0	0	0	0	202
Rehire from Vested Term	8	0	0	0	(8)	0
Rehire from Nonvested Term	0	0	0	0	0	0
New Beneficiaries	0	0	0	41	0	41
Data Adjustment	0	5	0	(1)	(6)	(2)
Participants in This Valuation	3,282	2,478	335	438	258	6,791

In addition, there are 147 participants who are non-vested and due a refund of employee contributions.



Participant Reconciliation – Fire

Shown below is the reconciliation of participants between the prior and current valuation date.

Fire	Active Participants	Inactive Participants				Total
		Retirees	Disabled Retirees	Beneficiaries	Vested Terms	
Participants in Last Valuation	1,876	771	98	151	90	2,986
Death	(2)	(8)	0	0	0	(10)
Disabled	(3)	0	3	0	0	0
Retired	(87)	91	0	0	(4)	0
Vested Termination	(20)	0	0	0	20	0
Nonvested Termination	(30)	0	0	0	0	(30)
Return of Contributions/Benefits Ended	(7)	(1)	0	(2)	(7)	(17)
New Actives	124	0	0	0	0	124
Rehire from Vested Term	0	0	0	0	0	0
Rehire from Nonvested Term	0	0	0	0	0	0
New Beneficiaries	0	0	0	19	0	19
Data Adjustment	0	0	0	0	(1)	(1)
Participants in This Valuation	1,851	853	101	168	98	3,071

In addition, there are 66 participants who are non-vested and due a refund of employee contributions.



Schedule of Retiree Member Data – Total Counts

The following table summarizes the total number of Service Retired, Disabled, and Beneficiary members included in the retiree member data. Only the retiree members receiving a benefit from the District are included in this valuation.

	(1) Receiving Only District Benefits	(2) Receiving Only Federal Benefits	(3) Receiving Both District and Federal Benefits	(4) = (1) + (3) Total Receiving District Benefits	(5) = (2) + (3) Total Receiving Federal Benefits	(6) = (1) + (2) + (3) Total Receiving Benefits
Teachers	582	1,407	3,483	4,065	4,890	5,472
Police	520	3,255	2,731	3,251	5,986	6,506
Fire	182	980	940	1,122	1,920	2,102
Total	1,284	5,642	7,154	8,438	12,796	14,080



Schedule of Retiree Member Data – Teachers – Receiving District Benefits

Shown below is the schedule of retiree member data. The benefits are only those member benefits that are the District's responsibility.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	7	\$ 46,911	7	\$ 46,911
20 to 24	-	-	-	-	2	15,683	2	15,683
25 to 29	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	2	18,744	2	18,744
40 to 44	-	-	-	-	2	39,499	2	39,499
45 to 49	-	-	2	82,992	4	60,627	6	143,619
50 to 54	3	139,887	7	277,548	2	26,118	12	443,553
55 to 59	87	4,354,071	10	420,456	6	121,423	103	4,895,950
60 to 64	340	13,731,562	18	592,296	22	222,511	380	14,546,369
65 to 69	685	22,697,321	15	411,770	34	346,066	734	23,455,157
70 to 74	1,219	28,673,702	41	820,216	50	344,131	1,310	29,838,049
75 to 79	997	16,473,198	8	104,421	41	299,827	1,046	16,877,446
80 to 84	351	5,069,998	1	3,492	18	91,624	370	5,165,113
85 to 89	67	879,343	-	-	9	58,057	76	937,400
90 to 94	11	210,453	-	-	1	2,440	12	212,892
95 and over	2	26,908	-	-	1	22,704	3	49,612
Total	3,762	\$ 92,256,441	102	\$ 2,713,190	201	\$ 1,716,366	4,065	\$ 96,685,997



Schedule of Retiree Member Data – Teachers – Receiving District and/or Federal Benefits

Shown below is the schedule of all retiree member data. The benefits are the total member benefits and include both those that are the District's responsibility and those that are the responsibility of the U.S. Department of the Treasury.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	7	\$ 53,520	7	\$ 53,520
20 to 24	-	-	-	-	2	16,752	2	16,752
25 to 29	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	2	18,744	2	18,744
40 to 44	-	-	-	-	2	48,600	2	48,600
45 to 49	-	-	2	82,992	6	86,508	8	169,500
50 to 54	3	159,792	7	277,548	4	57,540	14	494,880
55 to 59	86	5,580,456	14	501,336	8	163,056	108	6,244,848
60 to 64	342	18,578,160	21	815,952	27	502,764	390	19,896,876
65 to 69	690	37,273,140	18	703,956	39	906,108	747	38,883,204
70 to 74	1,264	69,189,444	65	2,335,812	71	1,480,860	1,400	73,006,116
75 to 79	1,145	63,844,260	37	1,270,764	89	2,068,680	1,271	67,183,704
80 to 84	670	37,366,908	23	802,704	66	1,660,308	759	39,829,920
85 to 89	400	21,542,220	22	755,304	57	1,409,628	479	23,707,152
90 to 94	172	8,875,296	9	303,660	29	745,908	210	9,924,864
95 and over	61	3,271,008	4	202,968	8	291,576	73	3,765,552
Total	4,833	\$ 265,680,684	222	\$ 8,052,996	417	\$ 9,510,552	5,472	\$ 283,244,232



Schedule of Retiree Member Data – Teachers – Receiving Federal Benefits

Shown below is the schedule of retiree member data. The benefits are only those member benefits that are the responsibility of the U.S. Department of the Treasury.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	2	\$ 6,609	2	\$ 6,609
20 to 24	-	-	-	-	1	1,069	1	1,069
25 to 29	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	-	-	-	-
40 to 44	-	-	-	-	1	9,101	1	9,101
45 to 49	-	-	-	-	3	25,881	3	25,881
50 to 54	3	19,905	-	-	3	31,422	6	51,327
55 to 59	80	1,277,590	4	85,103	5	41,633	89	1,404,326
60 to 64	255	4,846,598	16	223,656	21	280,253	292	5,350,507
65 to 69	543	14,575,819	14	292,186	33	560,042	590	15,428,047
70 to 74	1,094	40,515,742	61	1,515,596	59	1,136,729	1,214	43,168,067
75 to 79	1,082	47,371,062	37	1,166,343	83	1,768,853	1,202	50,306,258
80 to 84	650	32,296,910	23	799,212	62	1,568,684	735	34,664,807
85 to 89	395	20,662,877	22	755,304	56	1,351,571	473	22,769,752
90 to 94	172	8,664,843	9	303,660	29	743,468	210	9,711,972
95 and over	61	3,244,100	4	202,968	7	268,872	72	3,715,940
Total	4,335	\$ 173,475,449	190	\$ 5,344,029	365	\$ 7,794,186	4,890	\$ 186,613,663



Schedule of Retiree Member Data – Police – Receiving District Benefits

Shown below is the schedule of retiree member data. The benefits are only those member benefits that are the District's responsibility.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	1	\$ 9,478	-	\$ -	36	\$ 333,598	37	\$ 343,076
20 to 24	-	-	-	-	2	71,135	2	71,135
25 to 29	-	-	3	108,456	-	-	3	108,456
30 to 34	-	-	5	204,828	-	-	5	204,828
35 to 39	-	-	11	421,752	5	190,110	16	611,862
40 to 44	1	76,524	16	584,808	6	168,637	23	829,969
45 to 49	78	5,648,923	38	1,564,032	30	714,998	146	7,927,952
50 to 54	614	40,186,815	96	3,713,767	57	1,360,043	767	45,260,625
55 to 59	750	41,534,982	73	2,122,053	71	1,445,702	894	45,102,737
60 to 64	466	21,073,115	49	1,391,883	75	1,298,189	590	23,763,187
65 to 69	351	8,618,746	35	606,428	73	1,258,047	459	10,483,221
70 to 74	178	2,386,170	6	129,123	58	884,270	242	3,399,564
75 to 79	37	345,764	3	28,081	23	340,842	63	714,687
80 to 84	2	27,111	-	-	2	27,826	4	54,937
85 to 89	-	-	-	-	-	-	-	-
90 to 94	-	-	-	-	-	-	-	-
95 and over	-	-	-	-	-	-	-	-
Total	2,478	\$ 119,907,628	335	\$ 10,875,210	438	\$ 8,093,397	3,251	\$ 138,876,236



Schedule of Retiree Member Data – Police – Receiving District and/or Federal Benefits

Shown below is the schedule of all retiree member data. The benefits are the total member benefits and include both those that are the District's responsibility and those that are the responsibility of the U.S. Department of the Treasury.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	39	\$ 415,416	39	\$ 415,416
20 to 24	-	-	-	-	3	161,760	3	161,760
25 to 29	-	-	3	108,456	1	54,924	4	163,380
30 to 34	-	-	5	204,828	-	-	5	204,828
35 to 39	-	-	11	421,752	5	191,904	16	613,656
40 to 44	1	76,524	16	584,808	7	218,904	24	880,236
45 to 49	78	6,410,100	38	1,564,032	31	898,560	147	8,872,692
50 to 54	614	52,120,080	101	4,213,464	66	2,094,300	781	58,427,844
55 to 59	750	60,682,920	84	3,363,504	92	2,912,508	926	66,958,932
60 to 64	470	38,511,204	80	3,454,500	137	4,667,379	687	46,633,083
65 to 69	554	40,010,781	121	6,206,640	218	7,713,177	893	53,930,599
70 to 74	858	55,590,264	137	6,855,492	311	11,004,703	1,306	73,450,459
75 to 79	474	31,244,424	106	5,646,960	265	9,595,608	845	46,486,992
80 to 84	234	15,575,700	63	3,571,392	217	8,131,668	514	27,278,760
85 to 89	72	5,064,720	29	1,788,456	104	4,104,504	205	10,957,680
90 to 94	12	1,232,772	19	1,308,936	59	2,197,092	90	4,738,800
95 and	-	-	4	258,288	17	659,844	21	918,132
Total	4,117	\$ 306,519,489	817	\$ 39,551,508	1,572	\$ 55,022,250	6,506	\$ 401,093,248



Schedule of Retiree Member Data – Police – Receiving Federal Benefits

Shown below is the schedule of retiree member data. The benefits are only those member benefits that are the responsibility of the U.S. Department of the Treasury.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	19	\$ 85,900	19	\$ 85,900
20 to 24	-	-	-	-	2	90,625	2	90,625
25 to 29	-	-	-	-	1	54,924	1	54,924
30 to 34	-	-	-	-	-	-	-	-
35 to 39	-	-	-	-	1	1,794	1	1,794
40 to 44	-	-	-	-	2	50,267	2	50,267
45 to 49	66	761,177	-	-	12	183,562	78	944,740
50 to 54	583	11,933,265	39	499,697	34	734,257	656	13,167,219
55 to 59	715	19,147,938	77	1,241,451	47	1,483,126	839	21,872,515
60 to 64	448	17,438,089	75	2,062,617	100	3,380,181	623	22,880,888
65 to 69	544	31,392,035	119	5,600,212	177	6,455,130	840	43,447,378
70 to 74	856	53,204,094	135	6,726,369	274	10,120,432	1,265	70,050,895
75 to 79	473	30,898,660	106	5,618,879	252	9,254,766	831	45,772,305
80 to 84	234	15,548,589	63	3,571,392	216	8,103,842	513	27,223,823
85 to 89	72	5,064,720	29	1,788,456	104	4,104,504	205	10,957,680
90 to 94	12	1,232,772	19	1,308,936	59	2,197,092	90	4,738,800
95 and over	-	-	4	258,288	17	659,844	21	918,132
Total	4,003	\$ 186,621,339	666	\$ 28,676,298	1,317	\$ 46,960,247	5,986	\$ 262,257,884



Schedule of Retiree Member Data – Fire – Receiving District Benefits

Shown below is the schedule of retiree member data. The benefits are only those member benefits that are the District's responsibility.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	17	\$ 394,758	17	\$ 394,758
20 to 24	-	-	-	-	1	4,404	1	4,404
25 to 29	-	-	-	-	-	-	-	-
30 to 34	-	-	3	114,084	2	69,177	5	183,261
35 to 39	-	-	9	334,452	3	24,123	12	358,575
40 to 44	-	-	9	399,972	2	44,424	11	444,396
45 to 49	22	1,758,487	10	521,364	7	139,683	39	2,419,534
50 to 54	131	9,262,898	22	838,051	17	472,015	170	10,572,965
55 to 59	221	13,662,117	12	404,677	33	937,547	266	15,004,341
60 to 64	237	12,112,810	11	306,897	25	725,547	273	13,145,254
65 to 69	154	5,571,140	19	371,332	26	656,558	199	6,599,031
70 to 74	67	1,254,026	6	25,374	22	380,842	95	1,660,242
75 to 79	20	213,147	-	-	7	156,455	27	369,601
80 to 84	1	18,914	-	-	4	70,924	5	89,838
85 to 89	-	-	-	-	2	32,628	2	32,628
90 to 94	-	-	-	-	-	-	-	-
95 and over	-	-	-	-	-	-	-	-
Total	853	\$ 43,853,538	101	\$ 3,316,204	168	\$ 4,109,085	1,122	\$ 51,278,826



Schedule of Retiree Member Data – Fire – Receiving District and/or Federal Benefits

Shown below is the schedule of all retiree member data. The benefits are the total member benefits and include both those that are the District's responsibility and those that are the responsibility of the U.S. Department of the Treasury.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	17	\$ 513,996	17	\$ 513,996
20 to 24	-	-	-	-	1	4,404	1	4,404
25 to 29	-	-	-	-	-	-	-	-
30 to 34	-	-	3	114,084	2	93,528	5	207,612
35 to 39	-	-	9	334,452	3	28,272	12	362,724
40 to 44	-	-	9	399,972	3	77,256	12	477,228
45 to 49	22	2,182,404	10	521,364	7	157,008	39	2,860,776
50 to 54	131	11,642,292	22	888,624	19	644,436	172	13,175,352
55 to 59	221	19,164,072	12	565,176	38	1,231,224	271	20,960,472
60 to 64	237	21,739,296	17	763,104	36	1,316,148	290	23,818,548
65 to 69	169	14,974,512	44	2,541,396	55	2,024,976	268	19,540,884
70 to 74	143	12,152,244	40	2,394,564	83	3,065,838	266	17,612,646
75 to 79	181	13,914,096	43	2,712,432	100	3,608,068	324	20,234,596
80 to 84	117	9,473,724	42	2,762,472	93	3,334,792	252	15,570,988
85 to 89	48	3,789,072	15	877,200	46	1,777,572	109	6,443,844
90 to 94	9	839,496	7	480,396	34	1,403,832	50	2,723,724
95 and over	1	70,716	2	142,872	11	511,608	14	725,196
Total	1,279	\$ 109,941,924	275	\$ 15,498,108	548	\$ 19,792,958	2,102	\$ 145,232,990



Schedule of Retiree Member Data – Fire – Receiving Federal Benefits

Shown below is the schedule of retiree member data. The benefits are only those member benefits that are the responsibility of the U.S. Department of the Treasury.

Attained Age	Service Retirement		Disability Retirement		Survivors and Beneficiaries		Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 20	-	\$ -	-	\$ -	6	\$ 119,238	6	\$ 119,238
20 to 24	-	-	-	-	-	-	-	-
25 to 29	-	-	-	-	-	-	-	-
30 to 34	-	-	-	-	1	24,351	1	24,351
35 to 39	-	-	-	-	2	4,149	2	4,149
40 to 44	-	-	-	-	1	32,832	1	32,832
45 to 49	22	423,917	-	-	2	17,325	24	441,242
50 to 54	130	2,379,394	7	50,573	8	172,421	145	2,602,387
55 to 59	216	5,501,955	12	160,499	14	293,677	242	5,956,131
60 to 64	227	9,626,486	16	456,207	20	590,601	263	10,673,294
65 to 69	160	9,448,251	43	2,170,064	40	1,438,367	243	13,056,681
70 to 74	143	10,898,218	40	2,369,190	72	2,684,996	255	15,952,404
75 to 79	181	13,700,949	43	2,712,432	95	3,451,613	319	19,864,995
80 to 84	117	9,454,810	42	2,762,472	89	3,293,820	248	15,511,102
85 to 89	48	3,789,072	15	877,200	44	1,744,944	107	6,411,216
90 to 94	9	839,496	7	480,396	34	1,403,832	50	2,723,724
95 and over	1	70,716	2	142,872	11	511,608	14	725,196
Total	1,254	\$ 66,133,266	227	\$ 12,181,904	439	\$ 15,783,774	1,920	\$ 94,098,943



Schedule of Retiree Member Data – Added and Removed from Rolls – Receiving District Benefit

Shown below is the schedule of District retiree members added and removed.

District Benefit (\$ in Thousands)											
		Added		Removed		Increase due to Plan Amendments	Rolls at End of Year		Percentage Increase in Annual Allowances	Average Annual Allowances	
		Number	Annual Allowances	Number	Annual Allowances		Number	Annual Allowances			
Fiscal Year Ended	Plan	Number	Annual Allowances	Number	Annual Allowances		Number	Annual Allowances			
September 30, 2018	Teachers	160	\$ 4,892	69	\$ 977	\$ 1,419	3,990	\$ 76,535	7.5%	\$ 19,400	
	Police	208	10,269	34	683	1,427	2,593	83,476	15.2%	32,000	
	Fire	63	2,910	11	226	441	848	28,348	12.4%	33,000	
September 30, 2019	Teachers	141	\$ 4,693	72	\$ 1,278	\$ 1,890	4,059	\$ 81,840	6.9%	\$ 20,000	
	Police	233	12,244	27	569	1,492	2,799	96,643	15.8%	35,000	
	Fire	68	3,673	16	252	501	900	32,270	13.8%	36,000	
September 30, 2020	Teachers	98	\$ 3,471	86	\$ 1,767	\$ 1,824	4,071	\$ 85,368	4.3%	\$ 21,000	
	Police	188	10,010	35	757	2,835	2,952	108,731	12.5%	37,000	
	Fire	86	5,258	9	551	884	977	37,861	17.3%	39,000	
September 30, 2021	Teachers	96	\$ 3,642	95	\$ 1,524	\$ 1,124	4,072	\$ 88,610	3.8%	\$ 22,000	
	Police	201	11,821	58	1,173	1,192	3,095	120,571	10.9%	39,000	
	Fire	63	3,829	20	519	440	1,020	41,611	9.9%	41,000	
September 30, 2022	Teachers	111	\$ 3,945	118	\$ 2,060	\$ 6,191	4,065	\$ 96,686	9.1%	\$ 24,000	
	Police	199	11,329	43	866	7,842	3,251	138,876	15.2%	43,000	
	Fire	113	7,540	11	415	2,543	1,122	51,279	23.2%	46,000	

Information for October 1, 2018 and earlier was taken from the valuation report prepared by Cavanaugh Macdonald Consulting, LLC, dated December 17, 2018.



Schedule of Retiree Member Data – Added and Removed from Rolls – Receiving Federal and/or District Benefit

Shown below is the schedule of Federal and/or District retiree members added and removed.

Federal Plus District Benefit (\$ in Thousands)											
Fiscal Year Ended	Plan	Added		Removed		Increase due to Plan Amendments	Rolls at End of Year				
		Number	Annual Allowances	Number	Annual Allowances		Number	Annual Allowances	Percentage Increase in Annual Allowances	Average Annual Allowances	
September 30, 2018	Teachers	226	\$ 8,601	281	\$ 9,897	\$ 4,195	6,006	\$ 273,706	1.1%	\$ 46	
	Police	300	17,322	228	9,611	5,322	6,229	329,451	4.1%	53	
	Fire	81	4,649	78	3,786	2,310	2,037	119,833	2.7%	59	
September 30, 2019	Teachers	165	\$ 6,648	248	\$ 10,146	\$ 5,088	5,923	\$ 275,295	0.6%	\$ 46	
	Police	314	18,580	184	8,464	7,848	6,359	347,414	5.5%	55	
	Fire	98	5,985	90	4,425	3,306	2,045	124,700	4.1%	61	
September 30, 2020	Teachers	124	\$ 4,710	271	\$ 11,621	\$ 5,880	5,776	\$ 274,265	-0.4%	\$ 47	
	Police	272	15,538	211	9,937	8,123	6,420	361,138	4.0%	56	
	Fire	119	7,848	102	4,935	2,182	2,062	129,795	4.1%	63	
September 30, 2021	Teachers	108	\$ 4,944	281	\$ 12,343	\$ 3,670	5,603	\$ 270,537	-1.4%	\$ 48	
	Police	287	17,484	246	11,413	4,658	6,461	371,867	3.0%	58	
	Fire	92	5,733	113	5,751	1,657	2,041	131,434	1.3%	64	
September 30, 2022	Teachers	125	\$ 5,176	256	\$ 12,004	\$ 19,590	5,472	\$ 283,300	4.7%	\$ 52	
	Police	260	15,754	215	10,418	23,931	6,506	401,134	7.9%	62	
	Fire	136	9,932	75	4,200	8,211	2,102	145,378	10.6%	69	

Information for October 1, 2018 and earlier was taken from the valuation report prepared by Cavanaugh Macdonald Consulting, LLC, dated December 17, 2018.



Section VI. Summary of Plan Provisions

Teachers' Retirement Plan

Effective Date

Established on September 18, 1998, the Plan applies to benefit payments based on service accrued after June 30, 1997. The U.S. Department of the Treasury is responsible for paying all benefits accrued before this date.

Definitions

Affiliated Employers

District of Columbia Public Schools

Covered Members

Teachers and other educational employees in a salary class position ET 1-15 under the District of Columbia Public Schools (DCPS) system become members automatically on their date of employment. Covered members who leave the DCPS system to work for a D.C. public charter school may elect to remain in the Plan. Such members who are on a leave of absence to teach in a D.C. public charter school must remain in the Plan. Substitute teachers and rehired retirees are not covered.

Service Credit

One year of teaching service is given for each year of employment with DCPS. Service credit may also include purchased prior civilian government service and outside teaching service. For purposes of retirement eligibility and benefit accrual, creditable Federal and District service is aggregated in determining total creditable service.

Average Salary

Highest 36 consecutive months of pay, divided by three.

Vested

Members who accrue five or more years of creditable DCPS teaching service are vested for benefits. If a vested members leaves service, they may leave their Member Contributions with the Plan for a future deferred vested benefit when reaching eligibility for retirement (deferred vested in this report).

Contributions

Member Contributions

Members hired before November 1, 1996 are required to contribute 7% of annual pay. Members hired on or after November 1, 1996 contribute 8% of annual pay. Interest is not credited to each Member's accumulated contributions.

Refund of Member Contributions

In the event a member leaves service prior to retirement, vested members may leave their contributions in the Plan or request a refund. Nonvested members must take a refund. No interest is accrued on contributions.



Service Retirement

Eligibility

The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:

Members hired before November 1, 1996

Age	Service Credit
55	30, including 5 years DCPS service
60	20, including 5 years DCPS service
62	5 years DCPS service

Members hired on and after November 1, 1996

Age	Service Credit
Any Age	30, including 5 years DCPS service
60	20, including 5 years DCPS service
62	5 years DCPS service

Benefit

For members hired before November 1, 1996:

- 1.5% of Average Salary times service through 5 years, plus
- 1.75% of Average Salary times service from 6 through 10 years, plus
- 2.0% of Average Salary times service over 10 years.

For members hired on or after November 1, 1996:

- 2.0% of Average Salary times service.

All members receive a minimum benefit of 1.0% of Average Salary plus \$25 for each year of service.

Involuntary Service Retirement

Eligibility

The Age and Service Credit requirements to be eligible for a Reduced Service Retirement are listed below:

All Members, regardless of date of hire

Age	Service Credit
Any Age	25, including 5 years DCPS service
50	20, including 5 years DCPS service

Benefit

Service Retirement Benefit reduced by 1/6% per month (or 2% per year) that date of retirement precedes age 55.



Disability Retirement

Eligibility

Active members with five or more years of DCPS service credit are covered (vested) for disability retirement. To be eligible, the member must be found to be incapable of satisfactorily performing the duties of his/her position as determined by DCPS.

Benefit

Equal to Service Retirement benefit. Minimum benefit is the lesser of a) or b):

- a. 40% of Average Salary
- b. Calculated benefit amount by projecting service to age 60.

Survivor Benefits

Lump Sum

Eligibility

Death before completion of 18 months of school service or death without an eligible spouse/domestic partner, child or parent.

Benefit

Refund of member contributions.

Spouse/Domestic Partner Only

Eligibility

Death before retirement and married/registered domestic partnership for at least two years, or have a child by the marriage or registered domestic partnership.

Benefit

55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

- a. 55% of 40% of Average Salary
- b. 55% of the calculated benefit amount by projecting service to age 60.

Spouse/Domestic Partner & Dependent Children

Eligibility

Death before retirement and married/registered domestic partnership for at least two years, or have a child by the marriage or registered domestic partnership. Children must be unmarried and not in a domestic partnership and under age 18, 22 if full-time student, or any dependent child incapable of self-support due to a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Spouse/Domestic Partner Benefit

55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

- 55% of 40% of Average Salary
- 55% of the calculated benefit amount by projecting service to age 60.



Survivor Benefits

Spouse/Domestic Partner & Dependent Children (continued)

Child Benefit

A benefit per child equal to the smallest of a) or b) or c):

- a. 60% of Average Salary divided by the number of eligible children
- b. \$8,076¹ (if hired before 1/1/1980), \$7,776¹ (if hired between 1/1/1980 and 10/31/1996), or \$7,260¹ (if hired on or after 11/1/1996) per child
- c. \$24,228¹ (if hired before 1/1/1980), \$23,328¹ (if hired between 1/1/1980 and 10/31/1996), or \$21,780¹ (if hired on or after 11/1/1996) divided by the number of children.

Dependent Children Only

Eligibility

Children must be unmarried and not in a domestic partnership and under age 18, 22 if full-time student, or any dependent child incapable of self-support due to a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Benefit

A benefit per child equal to the smallest of a) or b) or c):

- a. 60% of Average Salary divided by the number of eligible children
- b. \$9,876¹ (if hired before 1/1/1980), \$9,492¹ (if hired between 1/1/1980 and 10/31/1996), or \$8,784¹ (if hired on or after 11/1/1996) per child
- c. \$29,628¹ (if hired before 1/1/1980), \$28,476¹ (if hired between 1/1/1980 and 10/31/1996), or \$26,352¹ (if hired on or after 11/1/1996) divided by the number of children.

Parents Only

Eligibility

Death before retirement and no eligible spouse/domestic partner or children, and parents must have received at least one-half of their total income from the member immediately before the member's death.

Benefit

55% of Service Retirement benefit. Minimum benefit is the lesser of a) or b):

- a. 55% of 40% of Average Salary
- b. 55% of the calculated benefit amount by projecting service to age 60.

¹ Survivor benefit amounts are as of March 1, 2022 and are subject to annual inflation adjustments.



Deferred Vested Retirement

Eligibility

Active members with five or more years of DCPS service credit.

Benefit

Benefit is calculated in the same manner as Service Retirement benefit and may be collected starting at age 62.

Retirement Options

Retirement and disability benefits are payable for the life of the retired member. Optional reduced retirement benefits may be elected at the time of retirement to provide for continuation of a reduced survivor benefit amount to a designated beneficiary. Optional forms include:

- a. **Reduced Annuity with a Maximum Survivor Annuity (to Spouse/Domestic Partner):**
Reduced benefit paid to the member so that upon the member's death, the spouse/domestic partner will receive 55% of the unreduced (normal life) annuity. Member's benefit is reduced by 2.5% of retirement benefit, up to \$3,600, plus 10% of any retirement benefit over \$3,600.
- b. **Reduced Annuity with a Partial Survivor Annuity (to Spouse/Domestic Partner)**
Reduced benefit paid to the member so that upon the member's death, the spouse/domestic partner will receive a partial annuity that can range from \$1 up to any amount less than 55% of the unreduced (normal life) annuity amount. Member's benefit is reduced by the same amount as option a) above, multiplied by the ratio of the chosen benefit percent to the maximum benefit percent (55%).
- c. **Reduced Annuity with a Life Insurance Benefit**
Member elects a life insurance amount, payable in a lump sum to a designated beneficiary upon the member's death.
- d. **Reduced Annuity with a Survivor Annuity to a Person with an Insurable Interest**
A 55% joint and survivor annuity where the original benefit is reduced by 10% plus an additional 5% for each full 5 years, up to 25 years, that the designated beneficiary is younger than the member. Maximum reduction is 40% for any beneficiary who is 25 or more years younger than the member.



Cost-of-Living Adjustments (COLA)

Each year on March 1, benefits which have been paid for at least twelve months preceding March 1 may be increased. The increase is equal to the annual Consumer Price Index (CPI-W Washington/Baltimore area). COLA's are included in benefit payments on and after April 1. If a member's retirement is effective after March 1 of the preceding year, the COLA amount is prorated.

For members hired on or after November 1, 1996, the cost-of-living increase is limited to no more than 3% per year.

Changes since Prior Valuation

The child death benefit amounts were increased with inflation effective March 1, 2022.



Section VI. Summary of Plan Provisions

Police Officers and Firefighters' Retirement Plan

Effective Date

Established on September 18, 1998, the Plan applies to benefit payments based on service accrued after June 30, 1997. The U.S. Department of the Treasury is responsible for paying all benefits accrued before this date.

Definitions

Affiliated Employers

The District of Columbia Metropolitan Police Department (MPD) and the District of Columbia Department of Fire and Emergency Medical Services (FEMS).

Covered Members

Sworn Police Officers and Firefighters become members on their first day of active duty (cadets are not eligible). Membership is not automatic for uniformed EMT Firefighters. EMTs must be cross-trained in fire suppression, go through the fire academy, and considered sworn Firefighters.

Service Credit

One year of service is given for each year of employment with MPD or FEMS. Service Credit may also include approved purchased lateral transferred service, prior civilian government service and prior military service. For purposes of retirement eligibility and benefit accrual, creditable Federal and District service is aggregated in determining total creditable service.

Average Salary

For members hired before February 15, 1980, the highest 12 consecutive months of pay. For members hired on or after February 15, 1980, the highest 36 consecutive months of pay, divided by 3. Base pay does not include overtime, holiday or military pay. Longevity pay is included in Firefighters' base pay and in Police Officers' base pay once the member has completed 25 years of service.

Vested

Members who accrue five or more years of Service Credit are vested for benefits. If these members leave service, they may leave their Member Contribution Accounts with the Plan for a future benefit when reaching eligibility for retirement (deferred vested in this report).



Contributions

Member Contributions

Members hired before November 10, 1996 contribute 7.0% of salary. Members hired on or after November 10, 1996 contribute 8.0% of salary. Member contributions, together with any purchased service credit payments, are credited to individual Member Contribution Accounts. No interest is accrued on contributions.

Refund of Member Contributions

In the event a vested member leaves service prior to retirement, member contributions may be left in the Plan or refunded upon request. Nonvested members must take a refund. No interest is accrued on contributions.

Service Retirement

Eligibility

The Age and Service Credit requirements to be eligible for a full Service Retirement are listed below:

Members hired before November 10, 1996

Age	Service Credit
Any age	20 years departmental service (only if hired before 2/15/1980)
50	25 years departmental service
60	5 years departmental service

Members hired on and after November 10, 1996

Age	Service Credit
Any age	25 years departmental service
60	

Benefit

For members hired before November 10, 1996:

- 2.5% of Average Salary times departmental service up to 25 years (20 years if hired before 2/15/1980), plus
- 3.0% of Average Salary times departmental service over 25 years (or 20 years if hired before 2/15/1980), plus
- 2.5% of Average Salary times purchased or credited service.

For members hired on or after November 10, 1996:

- 2.5% of Average Salary times total service.

All members are subject to a maximum benefit of 80% of Average Salary.



Service-Related Disability Retirement

Eligibility

Disabled as a result of an injury or disease that permanently disables him/her for the performance of duty.

Benefit

For members hired before February 15, 1980:

2.5% of Average Salary times total years of service, subject to a minimum of 66-2/3% of Average Salary and a maximum of 70% of Average Salary.

For members hired on or after February 15, 1980:

70% of final pay times percentage of disability, subject to a minimum of 40% of final pay.

Nonservice-Related Disability Retirement

Eligibility

Active members with five or more years of departmental service are covered (vested) for disability retirement. The member is eligible if found that the disability precludes further service with his/her department.

Benefit

For members hired before February 15, 1980:

2.0% of Average Salary times total years of service, subject to a minimum of 40% of Average Salary and a maximum of 70% of Average Salary.

For members hired on or after February 15, 1980:

70% of final pay times percentage of disability, subject to a minimum of 30% of final pay.

Survivor Benefits

Lump Sum

Eligibility

Death before retirement without an eligible spouse/domestic partner or child.

Benefit

Refund of member contributions according to Plan's order of precedence.

Lump Sum – Death In Line Of Duty

Eligibility

Death occurring in the line of duty, not resulting from willful misconduct.

Benefit

\$50,000



Survivor Benefits

Spouse Only – Death In Line Of Duty

Eligibility

Member killed in line of duty, after December 29, 1993.

Benefit

100% of final pay.

Spouse Only – Death Not In Line Of Duty

Eligibility

Member death, not in line of duty, after December 29, 1993. If retired, must be married for at least one year or have a child by the marriage/domestic partnership.

Benefit

40% of the greater of a) or b):

- a. Average Salary
- b. Salary for step 6 salary class 1 of the DC Police and Firemen's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement.

Benefit cannot be higher than rate of pay at death (or retirement if death occurs after retirement).

Spouse/Domestic Partner & Dependent Children

Eligibility

Member death, not in line of duty, after December 29, 1993. If retired, must be married/in a domestic partnership for at least one year or have a child by the marriage/domestic partnership. Children must be unmarried, not in a domestic partnership and under age 18, 22 if full-time student, or any dependent child incapable of self-support due to having a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Spouse Benefit

40% of the greater of a) or b):

- a. Average Salary
- b. Salary for step 6 salary class 1 of the DC Police and Firemen's Salary Act in effect, adjusted for cost-of-living increases if death occurs after retirement.

Benefit cannot be higher than rate of pay at death (or retirement if death occurs after retirement).



Survivor Benefits

Spouse/Domestic Partner & Dependent Children (continued)

Child Benefit

A benefit per child equal to the smallest of a) or b) or c):

- a. 60% of Average Salary divided by the number of eligible children
- b. \$4,716² (if hired before 11/10/1996) or \$4,440² (if hired on or after 11/10/1996) per child
- c. \$14,148² (if hired before 11/10/1996) or \$13,320² (if hired on or after 11/10/1996) divided by the number of children.

Dependent Children Only

Eligibility

Children must be unmarried and not in a domestic partnership and under age 18, 22 if full-time student, or any dependent child incapable of self-support due to a disability incurred before age 18. Death does not have to occur before retirement for the children's benefit.

Benefit

75% of Average Salary divided by the number of eligible children, adjusted for cost-of-living increases.

Deferred Vested Retirement

Eligibility

Active members with five or more years of departmental service.

Benefit

Benefit is calculated in the same manner as Service Retirement benefit and may be collected starting at age 55.

Retirement Options

Retirement and disability benefits are payable for the life of the retired member. This includes an unreduced joint and survivor annuity as defined above in the "Survivor Benefits – Spouse/Domestic Partnership and Dependent Children" sections.

An optional reduced benefit may be elected at the time of retirement to provide for an additional survivor benefit to a designated beneficiary. Member's original annuity is reduced by 10% and that amount is added to the survivor's benefit. If the designated beneficiary is more than five years younger than the member, the additional amount will be reduced by 5% for each full five years that the beneficiary is younger than the member, subject to a maximum of 40%.

² Survivor benefit amounts are as of March 1, 2022 and are subject to annual inflation adjustments.



Cost-of-Living Adjustments (COLA)

Each year on March 1, benefits which have been paid for at least twelve months preceding March 1 may be increased. The increase is equal to the annual Consumer Price Index (CPI-W Washington/Baltimore area). COLA's are included in benefit payments on and after April 1. If member's retirement is effective after March 1 of the preceding year, the COLA amount is prorated.

For members hired on or after November 10, 1996, the cost-of-living increase is limited to no more than 3% per year. Members hired before February 15, 1980, receive equalization pay, which is defined as the percentage increase of active employees' salary increases. Equalization increases are not paid to survivors.

Changes since Prior Valuation

The child death benefit amounts were increased with inflation effective March 1, 2022.



Section VII. Actuarial Methods and Assumptions

Valuation Date

All assets and liabilities are computed as of October 1, 2022. Demographic information was collected as of June 30, 2022. For valuation purposes (e.g., age, service), all members are treated as if remaining in the Plans as of October 1, 2022.

Investment Rate of Return

6.25% per annum, compounded annually (net of investment expenses).

Inflation Assumption

3.00% per annum.

Payroll Growth Assumption

4.00% per annum.

Percent Married

65% of Teachers, Police Officers, and Firefighters are assumed to be married, with the wife 3 years younger than the husband. Active members are assumed to have one dependent child aged 10.

Actuarial Method

The valuation is completed on the basis of the entry age normal cost method calculated on an individual basis with level percentage of pay normal cost.

Amortization of Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability (UAAL) is amortized on a level dollar basis based on the following funding policy adopted by the Board in 2012 and amended in 2021:

- Amortize the legacy UAAL as of October 1, 2021 over a closed 15-year period.
- Amortize the assumption and method changes and experience gains for the October 1, 2021 valuation over a closed 20-year period from the valuation date.
- Amortize all subsequent benefit changes, assumption and method changes and experience gains or losses over a closed 20-year period from the date established.
- If a surplus exists (assets exceed liabilities), amortize over 30 years and eliminate all prior amortization bases.

Assets

The method of valuing assets is intended to recognize a “smoothed” market value of assets. Under this method, the difference between actual return on market value from investment experience and the expected return on market value is recognized over a five-year period. The actuarial value of assets is constrained to an 80% to 120% corridor around market value of assets.

Contribution Withdrawal Assumption

For Teachers, Police, and Firefighters, 20% of the vested members who terminate are assumed to elect a withdrawal of their contributions while the remaining 80% are assumed to leave their contributions in the Plan in order to be eligible for a benefit at their deferred retirement date.



Other Assumptions

To value the post-retirement death benefit for Police Officers and Firefighters, the benefit form for all retirements (normal or disabled) is assumed to be a 50% Joint and Survivor annuity for all participants. One-fifth of all Police Officer and Firefighter active deaths are assumed to occur in the line of duty.

Post Retirement Cost-of-Living Adjustment

The cost of living, as measured by the CPI, will increase at the rate of 3.25% per year for members hired prior to November 10, 1996 and 2.75% per year for members hired on or after November 10, 1996.

Credited Service and Date of Entry

Service is credited as elapsed time from date of hire. The entry date for participation is date of service.

Military Service and Unused Sick Leave Service

Teachers are assumed to have 0.25 years of combined unused sick leave and military service credit at retirement. All Police and Fire members are assumed to have 1 year of combined unused sick leave and military service credit at retirement.

Administrative Expenses

For Teachers, budgeted administrative expenses of 1.20% of payroll are added to the normal cost rate. For Police Officers and Firefighters, budgeted administrative expenses of 2.10% of payroll are added to the normal cost rate.

Mortality Assumptions

Healthy Retiree and Actives

- Teachers: Pub-2010 General Employee and Healthy Retiree Mortality Table
- Police and Fire: Pub-2010 Safety Employees and Healthy Retiree Mortality Table with male ages set forward 1 year

Disabled Retirees

- Teachers: Pub-2010 General Disabled Retiree Mortality Table
- Police and Fire: Pub-2010 Safety Disabled Retiree Mortality Table

Contingent Beneficiaries

- Teachers: Pub-2010 General Contingent Survivor Mortality Table
- Police and Fire: Pub-2010 Safety Contingent Survivor Mortality Table

Mortality Improvement Scale

Improvement scale MP-2021 is applied on a generational basis. The improvement scale will be updated annually with any subsequent updates available on the valuation date.

Liability for Terminated Non-Vested Participants

The Inactive with Deferred Benefits liability includes a liability for terminated non-vested participants who are due a refund of their contributions. The liability is equal to the refund amount as of the valuation date.



Section VII. Actuarial Methods and Assumptions

Teachers

Salary Increase Assumption

Representative values of the assumed annual rates of future salary increases are as follows:

Years of Service	Total Increase (Next Year)
5	7.10%
10	4.65
15	4.00
>=20	4.00

Termination Assumption

The assumed annual termination rates are shown in the following table:

Service	Rate of Termination	
	Male	Female
0	25.0%	23.0%
1	26.0%	22.0%
2	22.0%	22.0%
3	20.0%	19.0%
4	14.7%	13.4%
5	14.7%	13.4%
6	13.0%	11.2%
7	13.0%	11.2%
8	13.0%	11.2%
9	13.0%	11.2%
>=10	9.4%	5.8%



Retirement Assumption

The assumed annual retirement rates are shown in the following table:

Age	Years of Service						
	5	6 - 19	20	21 - 24	25-29	30	31+
<=50	0%	0%	0%	0%	5%	20%	15%
50 - 59	0%	0%	5%	5%	5%	20%	15%
60 - 61	0%	0%	20%	15%	15%	20%	15%
62	20%	20%	20%	15%	15%	20%	15%
63 - 74	20%	15%	15%	15%	15%	20%	15%
75+	100%	100%	100%	100%	100%	100%	100%

Disability Assumption

Representative values of the assumed disability rates are shown in the following table:

Rate of Disability	
Age	Proposed Rates
30	0.010%
40	0.035%
50	0.010%
60	0.015%



Section VII. Actuarial Methods and Assumptions

Police Officers

Salary Increases

Police Officers are assumed to receive longevity increases applied to individual base pay at certain years of service. Representative values of the assumed annual rates of future salary increases are as follows:

Years of Service	Total Increase (Next Year)
5	6.25%
10	5.20
15	6.15
19	8.15
20	6.00
24	7.80
25	5.15
29	7.65
30+	7.25

Termination Assumption

The assumed annual termination rates are shown in the following table:

Service	Rate of Termination	
	Male	Female
0	9.0%	10.0%
1	9.0%	7.0%
2	8.0%	7.0%
3	8.0%	5.0%
4	8.0%	3.8%
5	6.2%	3.8%
6	4.1%	2.7%
7	4.1%	2.7%
8	2.7%	2.7%
9	2.7%	2.7%
>=10	2.0%	2.0%



Retirement Assumption

The assumed annual retirement rates are shown in the following table:

Age	Years of Service						
	<=24	25	26	27	28	29	>=30
<62	0%	50%	25%	25%	30%	35%	30%
>=62	100%	100%	100%	100%	100%	100%	100%

Shown rates are for Tier 3 police officers. Tier 2 rates are limited to no earlier than age 50.

Disability Assumption

Representative values of the assumed annual disability rates are shown in the following table:

Age	Disability Retirement Rates
30	0.083%
40	0.173%
50	0.315%
60	0.383%

60% of Police disabilities are assumed to qualify as line of duty.



Section VII. Actuarial Methods and Assumptions

Firefighters

Salary Increases

Firefighters are assumed to receive longevity increases applied to individual base pay at certain years of service. Representative values of the assumed annual rates of future salary increases are as follows:

Years of Service	Total Increase (Next Year)
5	6.05%
10	6.05
14	7.30
15	4.85
19	6.30
20	4.25
24	5.20
25	4.80
29	6.00
30+	4.50

Termination Assumption

The assumed annual termination rates are shown in the following table:

Service	Percent Separating in the Next Year	
	Male	Female
0	9.0%	16.0%
1	7.0%	12.0%
2	4.2%	2.1%
3	4.2%	2.1%
4	3.4%	2.1%
5	3.4%	1.8%
6	3.4%	2.3%
7	1.7%	2.3%
8	1.7%	2.3%
9	1.7%	2.3%
>=10	1.0%	0.5%



Retirement Assumption

The assumed annual retirement rates are shown in the following table:

Age	Years of Service						
	<=24	25	26	27	28	29	>=30
<62	0%	15%	15%	15%	25%	25%	40%
>=62	100%	100%	100%	100%	100%	100%	100%

Shown retirements rates are for Tier 3 firefighters. Tier 2 rates are limited to no earlier than age 50.

Disability Assumption

Representative values of the assumed annual disability rates are shown in the following table:

Age	Disability Retirement Rates
30	0.135%
40	0.225%
50	0.300%
60	0.375%

60% of Fire disabilities are assumed to qualify as line of duty.



Rationale for Assumptions

The economic and demographic assumptions are based on the experience study for the period ending September 30, 2020, and were adopted by the Board on October 19, 2021.

Changes Since Prior Valuation

The COLA assumption was changed from 3.0% per year for all members to 3.25% per year for members hired prior to November 10, 1996 and 2.75% per year for members hired on or after November 10, 1996.

The mortality improvement scale was updated from MP2020 to MP2021. This assumption is updated annually.

All other assumptions remained the same since the prior valuation.



Section VIII. Glossary

Actuarial Accrued Liability (AAL)

The difference between the Actuarial Present Value of Future Benefits and the Actuarial Present Value of Future Normal Costs or the portion of the present value of future benefits allocated to service before the valuation date in accordance with the actuarial cost method. Represents the present value of benefits expected to be paid from the plan in the future allocated to service prior to the date of the measurement.

Actuarial Asset Valuation Method

The method of determining the value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution (ADC).

Actuarial Cost Method

A procedure for allocating the Actuarial Present Value of Future Benefits and the actuarial Present Value of Future Normal costs and the Actuarial Accrued Liability. Also known as the “funding method”. Examples of actuarial cost methods include Aggregate, Entry Age Normal, Projected Unit Credit, and Pay-as-you-go.

Actuarial Present Value of Future Benefits (APVFB)

The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested, plus investment earnings, would provide sufficient assets to pay all projected benefits and expenses when due.

Aggregate Cost Method

An actuarial cost method that spreads the cost of all future benefits in excess of plan assets as a level percentage of future salary or service. The actuarial accrued liability is set to the value of assets in this method.

Annual Determined Contributions of the Employer(s) (ADC)

The employer’s periodic determined contributions to a pension plan, calculated in accordance with the assumptions and methods used by the plan actuary. The ADC replaced the actuarially required contribution (ARC), with the replacement of GASB 27 with GASB 68.

Cost-of-Living Adjustment (COLA)

An annual increase in the amount of a retired member’s or survivor’s benefit intended to adjust the benefit for inflation.

Covered Group

Plan members included in the actuarial valuation.



Deferred Retirement Option Program (DROP)

A program allowing participants eligible to retire to continue working for a fixed period of time, while accumulating the benefit payments they would have received if they had retired on their entry to DROP.

Demographic Assumption

Assumptions regarding the future population of pension participants, including retirement, termination, disability and mortality assumptions.

Economic Assumption

Assumptions regarding future economic factors, including COLA, salary improvement, change in average wages, changes in Social Security benefits and investment returns.

Employer's Contributions

Contributions made in relation to the actuarially determined contributions of the employer (ADC). An employer has made a contribution in relation to the ADC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

Entry Age Normal (EAN) Cost Method

An actuarial cost method that spreads the cost for each individual's expected benefits over their career, either as a level percentage of pay or service. The actuarial accrued liability is the accumulated value of all past normal cost, and the unfunded accrued liability (surplus) is the excess of the AAL over the value of assets.

Expenses

Plan expenses paid by the plan are divided into administrative and investment related expenses.

Funded Ratio

The actuarial value of assets expressed as a percentage of the plan's actuarial accrued liability.

GASB

Government Accounting Standards Board.



GASB No. 67 and GASB No. 68

These are the government standards that replace GASB 25 and 27. They are effective for plan years beginning after June 14, 2013 and employer fiscal years beginning after June 14, 2014.

Investment Return Assumption or Investment Rate of Return (Discount Rate)

The rate used to adjust a series of future payments to reflect the time value of money.

Level Percentage of Projected Payroll Amortization Method

Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

Normal Cost or Normal Actuarial Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Pay-As-You-Go (PAYG)

A method of financing a benefits plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Payroll Growth Rate

An actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

Plan Liabilities

Obligations payable by the plan at the reporting date, including primarily, benefits and refunds due and payable to plan members and beneficiaries, and accrued investment and administrative expenses. Plan liabilities do not include actuarial accrued liabilities for benefits that are not due and payable at the reporting date.

Plan Members

The individuals covered by the terms of a Pension or Other Post-Employment Benefits (OPEB) plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

Post-Employment

The period between termination of employment and retirement, as well as the period after retirement.



Projected Unit Credit (PUC) Funding Method

An actuarial cost method that spreads the employee's benefit over their career as a level percentage of service. The normal cost is the present value of the portion of the benefit assigned to the current year. The actuarial accrued liability is the accumulated value of all past normal cost, and the unfunded accrued liability (surplus) is the excess of the AAL over the value of assets.

Salary Improvement

An actuarial assumption regarding the increase in employees' salaries, reflecting cost-of-living, merit and longevity increases.

Select and Ultimate Rates

Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8 percent for year 2020, 7.5 percent for 2021, and 7 percent for 2022 and thereafter, then 8 percent and 7.5 percent are select rates, and 7 percent is the ultimate rate.

Unfunded Actuarial Accrued Liabilities

The excess of the present value of prospective pension benefits, as of the date of a pension plan valuation, over the sum of (1) the actuarial value of the assets of the plan and (2) the present value of future normal costs determined by any of several actuarial cost methods. For plans that define an accrued liability, this amount equals the excess of the accrued liability over plan assets.

Vested Plan Benefits

All benefits to which current participants have a vested right based on pay and service through the valuation date. A participant has a vested right to a benefit if he/she would still be eligible to receive that benefit if employment terminated on the valuation date.



Appendix 1

Summary of Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded (1) / (2)	Unfunded Actuarial Accrued Liability (2) - (1)	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
Teachers' Retirement Plan						
10/1/2018	\$ 2,139,911	2,301,314	93.0%	\$ 161,403	470,749	34.3%
10/1/2019	2,271,160	2,494,291	91.1%	223,131	516,609	43.2%
10/1/2020	2,431,075	2,640,803	92.1%	209,728	551,835	38.0%
10/1/2021	2,684,368	2,698,618	99.5%	14,250	600,481	2.4%
10/1/2022	2,838,193	2,871,570	98.8%	33,376	612,463	5.4%
Police Officers and Firefighters' Retirement Plan						
10/1/2018	\$ 5,848,576	5,223,760	112.0%	\$ (624,816)	454,209	(137.6%)
10/1/2019	6,269,628	5,604,573	111.9%	(665,055)	495,809	(134.1%)
10/1/2020	6,676,013	6,023,843	110.8%	(652,169)	507,348	(128.5%)
10/1/2021	7,290,173	6,181,614	117.9%	(1,108,559)	492,787	(225.0%)
10/1/2022	7,612,268	6,639,124	114.7%	(973,145)	482,092	(201.9%)
Total						
10/1/2018	\$ 7,988,487	7,525,074	106.2%	\$ (463,413)	924,958	(50.1%)
10/1/2019	8,540,788	8,098,864	105.5%	(441,924)	1,012,418	(43.7%)
10/1/2020	9,107,088	8,664,646	105.1%	(442,442)	1,059,182	(41.8%)
10/1/2021	9,974,541	8,880,232	112.3%	(1,094,309)	1,093,267	(100.1%)
10/1/2022	10,450,461	9,510,693	109.9%	(939,768)	1,094,555	(85.9%)

(\$ in Thousands)

Information for October 1, 2018 and earlier was taken from the valuation report prepared by Cavanaugh Macdonald Consulting, LLC, dated December 17, 2018.

Analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the District's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.



Appendix 2

Valuation Solvency Test

The following table shows the accrued liabilities and the portion of accrued liabilities covered by reported assets.

Valuation Date	Aggregate Accrued Liabilities For			Portion of Accrued Liabilities Covered by Reported Asset			
	(1) Active Member Contributions	(2) Retirees, Survivors and Inactive Members	(3) Active Members (Employer Financed Portion)	Reported Assets	(1)	(2)	(3)
TEACHERS' RETIREMENT PLAN							
10/1/2018	165,629	1,234,796	900,889	2,193,598	100.0%	100.0%	88.0%
10/1/2019	228,893	1,263,613	1,001,785	2,264,428	100.0%	100.0%	77.1%
10/1/2020	302,072	1,304,905	1,033,826	2,411,390	100.0%	100.0%	77.8%
10/1/2021	333,512	1,336,297	1,028,810	2,934,307	100.0%	100.0%	100.0%
10/1/2022	297,570	1,474,603	1,099,397	2,573,334	100.0%	100.0%	72.9%
POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT PLAN							
10/1/2018	267,845	2,258,695	2,697,220	6,015,953	100.0%	100.0%	100.0%
10/1/2019	338,775	2,547,138	2,828,542	6,256,213	100.0%	100.0%	100.0%
10/1/2020	352,281	2,903,981	2,817,790	6,620,190	100.0%	100.0%	100.0%
10/1/2021	357,729	3,106,359	2,741,743	7,963,277	100.0%	100.0%	100.0%
10/1/2022	348,012	3,706,133	2,635,421	6,901,545	100.0%	100.0%	100.0%

(\$ in Thousands)

Information for October 1, 2018 and earlier was taken from the valuation report prepared by Cavanaugh Macdonald Consulting, LLC, dated December 17, 2018.



Appendix 3

ASOP 51 Disclosure

Actuarial Standard of Practice No. 51 *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions* is effective for actuarial valuations after November 2018. The standard requires actuaries to provide information so that users of the report can better understand the potential for future results to vary from the results presented in this report and identify risks on the plan's future financial condition. This standard does not require the assessment to be based on numerical calculations.

Examples of risk common to most public plans include the following (generally listed from greatest to least risk):

- Investment risk: The potential that investment returns will be different than expected. The Trustees are well aware of this risk.
- Contribution risk: Most commonly this is associated with the potential that actual future contributions are not made in accordance with the plan's actuarially based funding policy. When this occurs, it can create negative long-term problems.
- Longevity and other demographic risks: The potential that mortality or other demographic experience will be different than expected.
- Asset/liability mismatch risk: The potential that changes in asset values are not matched by changes in the value of liabilities.
- Cash flow risks: The potential that contributions coming into the plan will not cover benefit payments. While common in well-funded plans, this still requires the use of interest, dividends or principal to cover benefit payments. When assets need to be sold (or more cash held) it can be an issue. Poorly funded plans with DROP lump sum payments can be a particular issue.

One item left off this list is "interest rate risk" (i.e., the potential that interest rates will be different than expected). This risk is common in corporate ERISA plans where funding is based on bond rates. Interest rates on bonds are still an important consideration when setting an expected return assumption and can change over time.

There are some plan maturity measures that are significant to understanding the risks associated with the plan. The following table shows four commonly used measures of the relative riskiness of a pension plan, relative to the plan sponsor and the employee group covered by the plan.



Appendix 3

ASOP 51 Disclosure

Teachers				Conservative
Risk Measure	10/1/2020	10/1/2021	10/1/2022	Measures
Retiree Liability as a Percent of Total Liability	42%	42%	43%	<50%
Assets to Payroll (Asset Volatility Ratio)	4.4	4.9	4.2	<5
Liabilities to Payroll (Liability Volatility Ratio)	4.8	4.5	4.7	<5
Benefit Payments to Contributions	0.9	0.8	0.8	<3

Police and Fire				Conservative
Risk Measure	10/1/2020	10/1/2021	10/1/2022	Measures
Retiree Liability as a Percent of Total Liability	47%	49%	54%	<50%
Assets to Payroll (Asset Volatility Ratio)	13.0	16.2	14.3	<5
Liabilities to Payroll (Liability Volatility Ratio)	11.9	12.5	13.8	<5
Benefit Payments to Contributions	1.1	1.1	1.2	<3

The Asset Volatility Ratio (AVR) is equal to the market value of assets (MVA) divided by payroll. A higher AVR implies that the Plan is exposed to greater contribution volatility. The current Teachers AVR of 4.2 indicates that a 1% asset gain/loss can be related to about 4.2% of the annual payroll. The current Police and Fire AVR of 14.3 indicates that a 1% asset gain/loss can be related to about 14.3% of the annual payroll. The Plan amortizes asset gains/losses over a period of 20 years for Teachers and surplus over a period of 30 years for Police and Fire. This would result in a change in the District's contribution of about 4.0% of payroll for Teachers and 1.0% of payroll for Police and Fire for each 1.0% change in market assets in each Plan.

The Liability Volatility Ratio (LVR) is equal to the Actuarial Accrued Liability (AAL) divided by payroll. A higher LVR implies that the Plan is exposed to greater contribution volatility due to changes in liability measurements. The current Teachers LVR of 4.7 indicates that a 1% liability gain/loss can be related to about 4.7% of the annual payroll. The current Police and Fire LVR of 13.8 indicates that a 1% liability gain/loss can be related to about 13.8% of the annual payroll. The Plan amortizes asset gains/losses over a period of 20 years for Teachers and surplus over a period of 30 years for Police and Fire. This would result in a change in the District's contribution of about 0.4% of payroll for Teachers and about 1.0% of payroll for Police and Fire for each 1.0% change in each Plan.



Appendix 3

ASOP 51 Disclosure

The use of payroll in these risk measures is an easily available substitute for the employer's revenue and often reflects the employer's ability to afford the plan. Each of these measures is a measure of plan maturity. Some ratios are approaching or outside of the "conservative" range because the plans are becoming more mature. Mature plans present more risk to plan sponsors because changes to the liability or assets will result in large changes in the unfunded liability as compared to the overall size of the employer as measured by payroll.

If the plan or employer were interested in doing more quantitative assessment of risks, the following are examples of tests that could be performed:

Scenario Test—A process for assessing the impact of one possible event, or several simultaneously or sequentially occurring possible events, on a plan's financial condition.

Sensitivity Test—A process for assessing the impact of a change in an actuarial assumption on an actuarial measurement.

Stochastic Modeling—A process for generating numerous potential outcomes by allowing for random variations in one or more inputs over time for the purpose of assessing the distribution of those outcomes.

Stress Test—A process for assessing the impact of adverse changes in one or relatively few factors affecting a plan's financial condition.



Appendix 4

D.C. Code §1-907.02(c) Adjustment to FY2024 Payment

Beginning in fiscal year 2001, the District payment was adjusted pursuant to D.C. Code §1-907.02(c). This section stipulates that "...the enrolled actuary shall determine whether the amount appropriated for the applicable fiscal year resulted in an overpayment or a shortfall based upon the actual covered payroll."

The D.C. Code §1-907.02(c) adjustment to the fiscal year 2024 District payment is calculated by taking the actual fiscal year 2022 covered payroll for each employee class and multiplying by the corresponding fiscal year 2022 contribution rates, which were determined as of October 1, 2020. This result is the fiscal year 2022 contribution that was required to be made by the District, based on actual payroll. The required contribution is then compared to the actual contribution that was paid by the District based on projected payroll. The difference between the required and actual contributions is the D.C. Code §1-907.02(c) adjustment. Any adjustment amount that cannot be used in a given year is carried forward to the next fiscal year.

The following table shows the D.C. Code §1-907.02(c) Adjustment to FY2024 Payment.

	Teachers	Police	Fire
1. Actual FY2022 Covered Payroll	\$ 587,150	\$ 302,209	\$ 160,120
2. FY2022 Contribution Rate	12.26%	19.61%	23.68%
3. Actual FY2022 Contribution Required	71,985	59,263	37,916
4. Actual FY2022 Contribution Paid without Adjustment	70,524	68,786	42,180
5. Preliminary D.C. Code §1-907.02(c) Adjustment to FY2024 Payment (3. - 4.)	1,461	(9,523)	(4,264)
6. FY2022 Unrecognized Amount	0	0	0
7. Final D.C. Code §1-907.02(c) Adjustment to FY2024 Payment (5. + 6.)	1,461	(9,523)	(4,264)
8. Adjustment Applied to FY2024 Payment	\$ 1,461	\$ (9,523)	\$ (4,264)
9. Carryover Adjustment (7. - 8.)	0	0	0

(\$ in Thousands)



Appendix 5

Experience Gain/(Loss)

The following table shows the gain/(loss), or change in unfunded accrued liability, due to experience other than expected.

Experience Gain/(Loss)	Teachers	Police	Fire	Police and Fire	Total
Age & Service Retirements					
If members retire at older ages, there is a gain; if younger ages, a loss.	\$ (1.0)	\$ (13.9)	\$ (5.4)	\$ (19.3)	\$ (20.4)
Disability Retirements					
If disability claims are less than assumed, there is a gain; if more claims, a loss.	0.4	1.2	2.0	3.2	3.6
Death-in Service Benefits					
If survivor claims are less than assumed, there is a gain; if more claims, there is a loss.	0.4	5.5	1.8	7.3	7.7
Withdrawal from Employment					
If more liabilities are released by withdrawals than assumed, there is a gain; if smaller releases, a loss.	4.3	1.8	(0.2)	1.6	5.9
Pay Increases					
If there are smaller pay increases than assumed, there is a gain; if greater increases, a loss.	34.8	67.7	24.2	91.9	126.7
New Members					
Additional unfunded actuarial accrued liability will produce a loss.	(26.3)	(8.3)	(2.1)	(10.4)	(36.7)
Investment Income					
If there is greater investment income than assumed, there is a gain; if less income, a loss.	(31.4)	(57.5)	(26.5)	(84.0)	(115.4)
Death after Retirement					
If retirees live longer than assumed, there is a loss; if not as long, a gain.	1.6	(8.3)	(6.6)	(14.8)	(13.2)
COLA/CPI					
If inflation is different than expected, gains or losses can occur.	(44.1)	(79.1)	(22.8)	(101.9)	(146.0)
Other					
Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.	3.1	0.8	2.9	3.6	6.7
Gain/(Loss) During Year from Experience	(58.2)	(90.2)	(32.7)	(122.9)	(181.1)
Non-Recurring Items					
Adjustments for plan amendments, assumption changes, method changes or audit changes.	10.4	(14.9)	(1.3)	(16.2)	(5.9)
Composite Gain/(Loss) During Year	\$ (47.9)	\$ (105.1)	\$ (34.0)	\$ (139.1)	\$ (187.0)

(\$ in Millions)



Appendix 6

Valuation Balance Sheet – Teachers

The following table shows the Teachers valuation balance sheet (present and prospective assets and the actuarial liabilities) as of October 1, 2022 which is presented in the DCRB ACFR.

Teachers Present and Prospective Assets	
Actuarial Value of Present Assets	\$ 2,838,193,260
Present Value of Future Members' Contributions	422,278,469
Present Value of Future Employer Contributions	
Normal contributions	\$ 316,683,561
Unfunded accrued liability contributions	33,376,463
Total Prospective Employer Contributions	350,060,024
Total Present and Prospective Assets	\$ 3,610,531,753

Teachers Actuarial Liabilities	
Present Value of benefits payable on account of retired members and survivors of deceased members now drawing retirement benefits	\$ 1,235,162,330
Present Value of prospective benefits payable on account of inactive members	239,440,416
Present Value of prospective benefits payable on account of present active members	
Service retirement benefits	\$ 1,709,011,916
Disability retirement benefits	30,350,118
Survivor benefits	17,079,083
Separation benefits	379,487,890
Total	2,135,929,007
Total Actuarial Liabilities	\$ 3,610,531,753



Appendix 7

Valuation Balance Sheet – Police and Fire

The following table shows the Police and Fire valuation balance sheet (present and prospective assets and the actuarial liabilities) as of October 1, 2022 which is presented in the DCRB ACFR.

Police and Fire Combined Present and Prospective Assets	
Actuarial Value of Present Assets	\$ 7,612,268,200
Present Value of Future Members' Contributions	420,480,907
Present Value of Future Employer Contributions	
Normal contributions	\$ 1,637,741,231
Unfunded accrued liability contributions	(973,144,679)
Total Prospective Employer Contributions	664,596,552
Total Present and Prospective Assets	\$ 8,697,345,659

Police and Fire Combined Actuarial Liabilities	
Present Value of benefits payable on account of retired members and survivors of deceased members now drawing retirement benefits	\$ 3,608,693,194
Present Value of prospective benefits payable on account of inactive members	97,439,649
Present Value of prospective benefits payable on account of present active members	
Service retirement benefits	\$ 4,474,377,377
Disability retirement benefits	195,572,859
Survivor benefits	47,016,125
Separation benefits	274,246,455
Total	4,991,212,816
Total Actuarial Liabilities	\$ 8,697,345,659

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DISTRICT OF COLUMBIA RETIREMENT BOARD

MOTION:

To accept and approve Bolton Inc.'s Actuarial Valuations Report on the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan as of October 1, 2022, for Fiscal Year ending 2024, presented to the Board by Bolton on December 15, 2022, and incorporated herein by reference.

PRESENTED TO THE BOARD ON DECEMBER 15, 2022.

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TO: BOARD OF TRUSTEES

FROM: TRACY S. HARRIS, CHAIR

DATE: DECEMBER 15, 2022

SUBJECT: AUDIT COMMITTEE REPORT

The Audit Committee met on December 14, 2022 and the following items were presented:

- Audit Update:
 - o The audit is in the final stages, draft statements will be provided early next week for the auditors to review. No potential issues have been identified by the auditors and there are no concerns related to the timeline.
- The budget vs actual report as of November 30, 2022:
 - o 88% of the original budget is available.
- The Schedule of payments to consultants for the years ended September 20, 2022 and 2021:
 - o Total payments were \$7.7M in FY2022 compared to \$6.1M in FY2021.
 - o Additional detail related to IT software and consulting services and investment consulting services was requested by the Trustees for the next meeting.

There were no action items presented in this meeting.

The next Audit Committee meeting will be held on January 17, 2023.

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TO: BOARD OF TRUSTEES

FROM: DANIEL HERNANDEZ, PENSION ADMINISTRATOR
MARY COLLINS, CHAIR

DATE: December 15, 2022

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee did not meet in December but we will be scheduling a meeting in January. Below are highlights of activities for November.

Healthcare Open Enrollment

Healthcare Open Enrollment Season is underway (November 14 to December 12, 2022). Open Enrollment materials were mailed to current health plan enrollees the first week of November. DCRB deployed several communications mediums to educate our constituents about the open enrollment process. In addition, we mailed the open enrollment announcements to participant homes, leveraged the DCRB website to provide participants with additional information about open enrollment, and we produced videos that provided members with instructions on how to complete the open enrollment process. Thus far, we have received 101 Federal enrollment changes and 62 changes for the District plans. Materials are now available at <https://dcrb.dc.gov>.

Office of DC Pension Meeting (ODCP)

On November 30, 2022, the Pension Administrator and Deputy Chief Benefits Officer met with ODCP to discuss priorities and projects for the coming year. Among the topics discussed during the meeting were:

- Modifications to STAR to enable DCRB to systematize crediting service for workers' compensation leave and assigning the appropriate reductions to the DC Employees Life Insurance values;
- OCPD proposed dashboard and new reporting metrics functionality in STAR;
- Reengineering the retirement process for DCPS to eliminate the need for the outdated DCPS 7 card. The new process would record periods of leave without pay as well as the final average salary and should assist DCPS in sending final data to DCRB more quickly; and
- Enhancements to the self-service portal to provide annuitants with additional functionality.

New Collective Bargaining Agreements

DCRB was recently made aware of changes to several collective bargaining agreements that will require the agency to recalculate annuities and survivor benefits for members who retired during the contract period. The agreements for the Metropolitan Police Department (MPD), DC Fire and EMS, the Council of School Officers and the Washington Teachers Union have all been renegotiated and are in various stages of approval.

Implementing retroactive cost of living adjustments (COLAs) requires coordination among three agencies: the Office of Pay and Retirement Services (OPRS), the Office of DC Pensions (ODCP) and DCRB. The Pension Administrator and the Deputy, Chief Benefits Officer met with representatives from each agency to map out a plan of action. We will update the Committee and Board as soon as the action plan has been finalized. Additionally, a plan will also be created for changes for members requiring equalization increases.

Purchase of Service Calculator – In collaboration with our actuary, Bolton, we have finalized the testing of the internal Excel calculator and online tool. We anticipate that internal user acceptance testing will be concluded by January 30, 2023, for the tier change calculation. An email to active Police and Fire Trustees will be sent by the third week of December to solicit up to 10 active members who would be interested in testing the new tool and providing their constructive feedback. We will also reach out to members who requested tier changes in the past year for their willingness to test the tool.

Community of Interest Meetings for 2023– The Benefits Department will be sending out a tentative schedule in the second week of December for community of interest meetings with District stakeholders for calendar year 2023 to tackle District retirement issues. We have proposed specific quarterly meetings and are awaiting confirmation from District agencies including DCHR, the Office of Payroll and Retirement Services, Fire and Emergency Medical Services, the Metropolitan Police Department, and the District of Columbia Public Schools. Topics at these meetings will cover improving the overall transition to retirement process, offboarding, data certification, and employee communications.

Benefits Staffing

New Hire:

Vanessa Hurt, Member Service Representative

Promotion:

Shaiasia Walker – Member Services Team Lead (*formerly Member Services Representative*)

Contactors:

Alexis Martin – Member Services Representative

Mauricecia Jones – Member Services Representative

Tranene Cameron – Member Services Representative

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TO: BOARD OF TRUSTEES

FROM: LYLE BLANCHARD, CHAIR

DATE: DECEMBER 15, 2022

SUBJECT: LEGISLATIVE COMMITTEE REPORT

The following report reflects activities of interest since the November 17, 2022 Board Meeting:

U.S. CONGRESS

LEGISLATION

HR 8404, "Respect for Marriage Act"

Status: The Senate and House of Representatives approved federal legislation protecting the rights of same-sex couples to get married. The legislation requires states to fully recognize same-sex marriages that are legally formed in other states. The legislation repeals the 1996 Defense of Marriage Act (DOMA) that federally defined marriage as between a man and a woman and codifies the U.S. Supreme Court's 2015 holding in *Obergefell v. Hodges*, that legally protected same-sex marriages. The bill became federal law on December 13, 2022.

COUNCIL OF THE DISTRICT OF COLUMBIA

LEGISLATION

PR24-1036, "Compensation and Working Conditions Agreement between the District of Columbia Government and the Fraternal Order of Police/Metropolitan Police Department Labor Committee (Compensation Unit 3) Approval Resolution of 2022"

Status: The proposed resolution was deemed approved on November 27, 2022.

PR 24-1079, "Compensation and Working Conditions Agreement between the District of Columbia Government and the International Association of Firefighters Local #36, AFL-CIO MWC Approval Resolution of 2022".

Status: Introduced by Chairman Mendelson November 18, 2022, this resolution was referred to the Committee on Labor and Workforce Development and will be deemed approved on December 19, 2022 unless approved or disapproved prior to December 19, 2022.

The Collective Bargaining Agreement covers October 1, 2020 through September 30, 2024 and provides bargaining unit members at the Fire and Emergency Medical Services Department a wage increase of 2.5% for fiscal year 2021, of 3% for fiscal year 2022, and of 3.5% for fiscal years 2023 and 2024. Retroactive increases apply to those members who were actively employed during covered fiscal years.

Legislative Committee Report
Page 2

PENDING COLLECTIVE BARGAINING AGREEMENT

“Compensation and Working Conditions Agreement between the District of Columbia Public Schools and the Washington Teachers Union Local #6 of the American Federal of Teachers.”

Status: The Washington Teachers Union (WTU) reached a tentative agreement with the District of Columbia Public Schools for a 12% salary increase over four fiscal years and a 4% retention bonus. The agreement covers October 1, 2019 through September 30, 2023.

COUNCIL PERIOD 24 LEGISLATION INTRODUCED - NO FURTHER ACTION

B24-0071, “Pension Exclusion Restoration and Expansion Act of 2021”

Introduced February 12, 2021, this proposed legislation would increase the District of Columbia pension income exclusion for District residents who receive a retirement annuity from the District or the Federal Governments, including the military. The increase would be from \$3,000 to \$10,000 for annuitants aged 62 through 64, and a \$20,000 exclusion for annuitants aged 65 and older would be added.

Status: A public hearing was held March 14, 2022, by the Committee on Business & Economic Development. No further action has been reported.

B24-0073, “First Responder Income Tax Exclusion Amendment Act of 2021”

The bill proposes to exclude from taxable income the annual salary of certain employees of the Fraternal Order of Police Metropolitan Police Department Labor Committee (Compensation Unit 3) and International Association of Fire Fighters, Washington D.C. Fire Fighters Association Local 36 (Compensation Unit 4).

Status: Introduced on February 12, 2021, the proposal was referred to the Committee on Business and Economic Development. No further action has been reported.

B24-0334, “Fund Management Diversification Amendment Act of 2021”

Introduced June 28, 2021, the proposed bill would require the Board to use diverse investment consultants and diverse fund managers (as defined by the legislation) to manage assets of the Police Officers’ and Firefighters, and the Teachers’ Retirement Fund (the “Fund”) and would require all investment consultants and fund managers managing Fund assets to submit yearly reports detailing their hiring practices and diversity data to the District.

Status: The bill was referred to the Committee of the Whole. The Investment Committee Chair and DCRB staff discussed the bill and DCRB’s concerns with Councilmember R. White’s office in September 2021 and provided additional information and counter amendment language for consideration by Councilmember White December 10, 2021. No further action has been reported.

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DISTRICT OF COLUMBIA RETIREMENT BOARD

MOTION:

*TO ENTER CLOSED SESSION TO DISCUSS PERSONNEL MATTERS
PURSUANT TO D.C. CODE § 1-909.05(E); SEE ALSO D.C. CODE § 2-
575(B) (10)).*

PRESENTED TO THE BOARD ON DECEMBER 15, 2022.